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SENATE

S.B. No. 2997

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Introduced by Senator Edgardo J. Angara

EXPLANATORY NOTE

The Philippine water situation does not paint a rosy picture. With an increasing population and a finite water supply, the lack of a cohesive regime has led to the detriment of water services in the provinces, issues on water quality, and consequently, to the spread of diseases and a scarcity of clean water.

There are approximately 30 government agencies involved in water and sanitation in the Philippines¹. For example, there are different kinds of water service providers such as Water Districts, MWSS Concessionaires, LGUs, Water Cooperatives, etc.; different regulators such as the Local Water Utilities Administration (LWUA), MWSS regulatory office, LGUs and the National Water Resources Board (NWRB); different agencies managing dams such as the National Irrigation Administration (NIA), MWSS and National Power Corporation (NAPOCOR). This fragmented approach leads to the intersection of authority and resources being spread thinly, not to mention the varying policy regimes among different agencies.

One of the proposed solutions to address this fragmentation is to create a superbody to handle all water related issues. Although the idea is laudible, it may only result in adding another layer into the bureaucracy to complicate an already confused system. The water services industry requires reform, not just more regulation.

It is in this light that the proponent earnestly seeks the passage of this Bill. This Bill adopts and institutionalizes the Integrated Water Resources Management approach. The focus of this Bill is to reform the water industry itself, not just introduce another layer of regulation. The bill seeks to create reforms not just in water supply and sanitation but also covers other uses of water such as use for municipal, irrigation, agriculture, fisheries, power generation, industrial, livestock, recreational and other uses and sub-sectors of water including flood management.

Particularly, in water resource management, the Bill seeks to divide the country into Provincial Water Resource Zones within which Water Service Providers shall be synergized and integrated in order to restructure the industry players into a scale that is efficient and cost-effective.

The Bill also emphasizes that Public-Private Partnerships (PPP) of water and sanitation services may be the step in the right direction toward securing uninterrupted, adequate,

¹ Andreas Kanzler, German Technical Cooperation Agency Country Director Philippines and the Pacific and Program Manager Water, Sanitation, Solid Waste in a presentation on "Water, Sanitation and Solid Waste in the Philippines" 2006

quality and dependable water services for everyone. An incentive scheme is provided to induce more investors to participate in our water industry.

Finally, the Bill introduces regulatory reform through the strengthening of the NWRB and renaming it as the Water and Sanitation Regulatory Authority to serve as the lead agency in water resource and industry management.

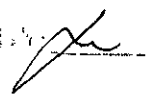
The State assumes the burden of ensuring that the water located in our lakes and rivers reaches our faucets. The past 30 years have shown us that the fragmented water district model of P.D. No. 198 has failed. Instead, it has given rise to little water fiefdoms where small operators, in cahoots with local officials, monopolize water services with no incentive to provide quality service. There is impetus to consolidate, and there is little reason not to.

Water is a human right. But, it is also an economic good. And in order to ensure that every Filipino has access to quality and consistent water service, the State has to re-align its policies on how the industry should be run.

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


EDGARDO J. ANGARA

SENATE

RECEIVED


S.B. No. 2337

Introduced by Senator EDGARDO J. ANGARA

**AN ACT INSTITUTING REFORMS IN THE WATER INDUSTRY,
RATIONALIZATION, ALLOCATION AND DISTRIBUTION OF SERVICE
AREAS, PROVISION OF INCENTIVES FOR INFRASTRUCTURE
DEVELOPMENT OR FOR NEW, CLEAN, EFFICIENT AND ECOLOGICAL
TECHNOLOGIES, REORGANIZING THE NATIONAL WATER RESOURCES
BOARD, CREATING LOCAL WATER SUPPLY AND SANITATION
COMPANIES, AMENDING FOR THE PURPOSE CERTAIN LAWS AND FOR
OTHER RELATED PURPOSES.**

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

**CHAPTER I
TITLE AND DECLARATION OF POLICY**

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Section 1. Short Title. - This Act shall be known as the "Water Sector Reform Act of 201_". It shall hereinafter be referred to as the Act.

Section 2. Declaration of Policy. - It is hereby declared the policy of the State:

- (a) that all waters in the Philippines shall belong to the State, pursuant to the 1987 Philippine Constitution;
- (b) that the State, as owner of all waters in the Philippines, may control and regulate the use, exploitation, development appropriation, protection and conservation of water in order to protect and promote life, public health and welfare, and the environment, including imposing such conditions and restrictions, as may be warranted, on existing holders of licenses;
- (c) to recognize that water is a human right, and it is the obligation of the State to ensure that there is "sufficient, safe, accessible and affordable water, without discrimination;"
- (d) to ensure that all Filipinos shall have access to clean, safe, affordable and adequate supply of water;
- (e) to ensure reasonable, and yet cost-reflective, prices of water which protect both the interests of the consumers and the service providers;
- (f) to monitor and regulate the quality and supply of water in the Service Areas to protect life, public health and the environment;

- 1 (g) to integrate the supply and distribution of water and the provision of sanitation
2 services in provinces or regions to ensure adequacy and efficiency in the supply
3 of water;
4
- 5 (h) to develop and maintain a centralized, comprehensive and unified data and
6 information base on water resources, and key industry data to ensure the efficient
7 evaluation, analysis, dissemination and enforcement of applicable standards on
8 water resource development, utilization, demand and pricing;
9
- 10 (i) to provide incentives to and a predictable regulatory environment for investors in
11 order to promote and develop the water industry and allow investors a reasonable
12 return on their investments;
13
- 14 (j) to rationalize the operation of water utilities and the grant of Public-Private
15 Partnership (PPP) arrangements for the provision of water and/or sanitation
16 services;
17
- 18 (k) to foster competition among existing and future Water Service Providers to
19 maintain price stability conducive to a balanced and sustainable growth of the
20 industry;
21
- 22 (l) to organize the Water and Sanitation Regulatory Authority in order to achieve the
23 foregoing State policies; and
24
- 25 (m) to monitor and regulate the sewerage service industry in relation to the proper
26 collection, treatment, transport and disposal of septage, sewage and wastewater.
27

28 **Section 3. Scope.** - This Act shall provide a framework for the restructuring and
29 reformation of the water industry, from sourcing, storage, treatment, distribution,
30 sewerage treatment and reuse, including the provision of incentives to promote
31 investment in new infrastructure for modernization of the industry and the rationalization
32 of the powers, duties, responsibilities and obligations of relevant government agencies
33 and Water Service Providers.
34

35 **Section 4. Definition of Terms.** - For purposes of this Act, the term:
36

- 37 (a) "Authority" - refers to the Water and Sanitation Regulatory Authority;
38
- 39 (b) "Flood Control" - refers to the methods, acts, and protocols to be observed in
40 order to prevent and reduce the detrimental and catastrophic effects of flood
41 waters;
42
- 43 (c) "Flood Risk Management" or "FRM" - refers to such acts of defining and
44 determining the appropriate methods, acts and protocols geared in preventing
45 and reducing the risk of incurring loss of both life and property due to flood
46 waters. It also includes, but is not limited to, the implementation of
47 precautionary measures, as well as the installation of infrastructures and the
48 determination of post-flood clean-up activities in order to arrest the residual
49 effects of flood waters;
50
- 51 (d) "Integrated Water Resource Management" or "IWRM" - refers to a systematic,
52 collaborative and multi-stakeholder process, which promotes the coordinated
53 development and management of water, land and related resources within hydro
54 geological boundaries, in order to maximize the resultant economic and social
55 welfare in an equitable manner and without compromising the sustainability of
56 vital ecosystems.
57

- 1 (e) “License” – refers to the authority granted to a person, entity or consortium to
2 provide water and/or sanitation services to a particular Service Area; This term
3 shall include management contracts, PPP Agreements and similar arrangements
4 through which a person, entity or consortium is granted the right to provide
5 water and/or sanitation services to the Service Area.
6
- 7 (f) “Licensee” – refers to a person, entity or consortium which has been granted a
8 license to operate and provide water and/or sanitation services to a particular
9 Service Area under the provisions of this Act; These terms shall cover persons,
10 entities or consortium who were granted the right to operate and provide water
11 and/or sanitation services through a management contract, PPP Agreement or
12 similar arrangement.
13
- 14 (g) “Local Government Unit” – refers to the territorial and political subdivisions of
15 the Philippines as defined under the 1987 Constitution of the Philippines, which
16 includes provinces, cities, municipalities and *barangays*;
17
- 18 (h) “Local Water District” – refers to districts created pursuant Title II of
19 Presidential Decree No. 198, as amended;
20
- 21 (i) “Local Water Supply and Sanitation Company” or “LWSSC” – refers to a
22 government-owned and controlled corporation which shall have supervision,
23 control and jurisdiction over all waterworks and sewerage systems in a
24 designated PWRZ which shall be created pursuant to the provisions of this Act;
25
- 26 (j) “LWUA” – refers to the Local Water Utilities Administration created pursuant
27 to Presidential Decree No. 198, as amended;
28
- 29 (k) “NWRB” – refers to the National Water Resources Board created pursuant to
30 Presidential Decree No. 424, as amended;
31
- 32 (l) “NEDA” – refers to the National Economic and Development Authority;
33
- 34 (m) “Private Sewerage System” – refers to a sewerage system owned, operated and
35 controlled by private entities;
36
- 37 (n) “Provincial Water Resource Zone” or “PWRZ” – refers to the territories and
38 boundaries of which shall be equivalent to the areas comprising each existing
39 province created under Republic Act No. 7160 and other laws, with Metro
40 Manila, the autonomous regions, special economic zones and other special areas
41 considered as separate PWRZs;
42
- 43 (o) “Public-Private Partnership Agreement” or “PPP Agreement” – refers to
44 management contracts, concession agreements or other similar arrangements
45 between the government and a private person or entity for the provision of water
46 and/or sanitation services in a particular Service Area pursuant to the provisions
47 of this Act;
48
- 49 (p) “Public Sewerage System” – refers to a sewerage system owned, operated and
50 controlled by the National or Local Government;
51
- 52 (q) “Relevant Information” – refers to information or data concerning the Water
53 Industry and Water Service Providers essential to its effective monitoring and
54 regulation, and the introduction and maintenance of effective competition, such
55 as but not limited to pricing, performance, quality of service, area of coverage,
56 and water quality;
57

- 1 (r) "River Basin Cluster" – refers to a grouping of PWRZs and/or portions thereof
2 primarily based upon the proximity of PWRZs and/or portions thereof to the
3 major river basins, subject rules to be promulgated by the Authority;
4
- 5 (s) "River Basin Organization" or "RBO" – refers to organizations which plan,
6 coordinate and monitor activities within an RBC;
7
- 8 (t) "Service Area" – refers to a province, region or geographic area identified and
9 designated to a Licensee to provide and operate water and/or sanitation services;
10
- 11 (u) "Septage" – refers to the sludge produced on individual on-site wastewater
12 disposal systems, principally septic tanks and cesspool;
13
- 14 (v) "Sewage" – refers to water-borne human or animal wastes, excluding oil or oil
15 waste, which are removed from residences, buildings, institutions, industrial and
16 commercial establishments together with such groundwater, surface water and
17 storm water, as may be present, including such waste from vessels, offshore
18 structures, other receptacles intended to receive or retain waste or other places
19 or the combination thereof;
20
- 21 (w) "Sewers" – refers to pipes or such other civil works or structures which are built
22 and constructed to treat, carry, transport and dispose sewage;
23
- 24 (x) "Sewerage System" – refers, but is not limited to any system or network of
25 pipeline, ditches, channels or conduits including pumping stations, lift stations
26 and force mains, service connections including other constructions, devices, and
27 appliances appurtenant thereto, which includes the collection, transport,
28 pumping and treatment of sewage to a point of disposal;
29
- 30 (y) "Sewerage Service Provider" – refers to a person, entity or consortium engaged
31 in the business of collecting, treating, transporting and disposing of wastewater,
32 sewage and septage, including maintaining and operating sewerage systems, and
33 who are required to register with and secure a license from the Authority before
34 they may conduct their business or operations in a particular Service Area;
35
- 36 (z) "Tariff" – refers to an amount which may be charged by Licensees or Water
37 Service Providers for the supply of water and/or sanitation services within their
38 Service Area;
39
- 40 (aa) "Wastewater" – refers to waste in liquid state containing pollutants;
41
- 42 (bb) "Water Service Provider" or "WSP" – refers to a person, entity or consortium
43 engaged in the business of allocating, collecting, treating, supplying and
44 distributing water to the public. The term includes Local Water Districts, Water
45 Utilities owned and/or operated by Local Government Units, Rural Waterworks
46 and Sanitation Associates, Barangay Waterworks and Sanitation Associations,
47 Local Water Cooperatives and Local Water Supply and Sanitation Companies
48 (LWSSC);
49
- 50 (cc) "Water Supply System" – refers to the whole of a system incorporating public
51 mains, pipes, chambers, treatment plants, pumping stations, service or balancing
52 reservoirs or any combination thereof and all other structures, installations,
53 buildings, equipment and appurtenances used, and the lands where the same are
54 located for the storage, abstraction, collection, conveyance, treatment,
55 distribution and supply of water; and
56

1 (dd) "Water Supply Services" - means the treatment of water abstracted from
2 watercourses and the distribution and supply of treated water to consumers and
3 includes the operation and maintenance of a water supply system.
4

5
6 **CHAPTER II**
7 **REFORM IN THE WATER SERVICES INDUSTRY**
8

9 **Section 5. Organization of the Water Industry.** – The organization of the water industry
10 shall be accomplished in order to introduce higher efficiency, enhanced private sector
11 participation, consumer protection, competitive pricing, greater innovation and improving
12 access to safe water, incorporating for these purposes, Integrated Water Resources
13 Management thrust in every activity. For this purpose, any law to the contrary
14 notwithstanding, regulatory power over all WSPs shall be exclusively lodged in the
15 Authority. The NWRB, the LWUA and other similar agencies and offices, shall
16 cooperate with the Authority to ensure the immediate and smooth consolidation of
17 regulatory functions; *Provided* that, the LWUA may, with respect to Local Water
18 Districts with remaining financial obligations to it, institute temporary monitoring
19 systems to ensure the compliance with such outstanding obligations only until they are
20 satisfied; *Provided* further, that the enforcement of such systems shall be with the
21 supervision of the Authority.
22

23 **Section 6. Provincial Water Resource Zones and River Basin Clusters.** – There are
24 hereby created Provincial Water Resource Zones (PWRZs), the territories and boundaries
25 of which shall be equivalent to the areas comprising each existing province created under
26 Republic Act No. 7160 and other laws, with Metro Manila, the autonomous regions,
27 special economic zones and other special areas considered as separate PWRZs; *Provided*
28 that the Authority may redefine or modify the geographic boundaries of a PWRZ based
29 on the existence of special geographic conditions, the location of water sources or other
30 circumstances which warrant such redefinition of boundaries.
31

32 Consistent with the principles of Integrated Water Resources Management, PWRZs
33 and/or portions thereof shall be grouped into River Basin Clusters (RBCs) for purposes of
34 water resource management applying the river basin/watershed approach to ensure
35 rational, efficient and ecologically sustainable allocation of water within the RBC. The
36 grouping of PWRZs and/or portions thereof into RBCs shall primarily be based upon the
37 proximity of PWRZs and/or portions thereof to the major river basins, subject rules to be
38 promulgated by the Authority.
39

40 Subject to the provisions of Presidential Decree No. 1067, otherwise known as the Water
41 Code of the Philippines, the Authority shall exercise power and authority over water
42 resources, and if applicable, existing water utilities and providers within the PWRZ and
43 RBCs. In the case of Metro Manila and special economic zones, the Metropolitan
44 Waterworks and Sewerage System ("MWSS") and the appropriate special economic zone
45 authority, respectively, shall continue to exercise jurisdiction and authority.
46

47 **Section 7. Amalgamation of Existing WSPs.** - The creation, selection or assignment of
48 WSPs which shall service a PWRZ shall be subject to the provisions of this Act. The
49 number of WSPs servicing each PWRZ shall be determined and limited by the Authority
50 created hereunder for the purpose of achieving economies of scale, effective competition
51 and efficiency of service: *Provided* that, in no case shall the number of WSPs be reduced
52 to an extent where it will result in anti-competitive practices.
53

54 For this purpose, within two (2) years from the passage of this Act, the LWUA shall
55 cause and implement the amalgamation of WSPs within each PWRZ into one or more
56 LWSSCs, in accordance with the rules and regulations that the Authority shall
57 promulgate. The Authority shall exercise overall supervision over the amalgamation

1 process and shall develop the necessary rules and guidelines during the transition period
2 to ensure that there shall be no diminution of service levels and quality for consumers.

3
4 The Authority shall provide technical support and training to WSPs and their personnel in
5 order to aid them during the amalgamation process. Where applicable, personnel of
6 existing WSPs that will be amalgamated shall, subject to the provisions of this Act, be
7 absorbed by the resulting LWSSC to the extent that it is administratively viable;
8 *Provided*, that the rights accorded to such personnel pursuant to civil service laws shall
9 not be impaired.

10
11 Subject to the application of Section 24 of this Act on amalgamation of water assets, an
12 existing and operating WSP shall, upon approval by the LWUA and the Authority, have
13 the option to provide, operate and maintain the Water Supply System and/or Sewerage
14 System in its current area of operation within a corresponding PWRZ, upon the showing
15 that the WSP meets financial and operational benchmarks, including capital
16 investments, price levels, service quality, customer satisfaction, profitability,
17 productivity gains, expansion of basic services, subsidies, functioning of new and
18 existing markets, and other performance metrics set by the Authority. In such cases, the
19 License covering the PWRZ, or a portion thereof, as defined and contemplated in this
20 Act may be granted to the WSP itself; *Provided* that in addition to the mandatory
21 clauses and provisions for Licenses granted under this Act, said License shall expressly
22 state that the failure of the WSP to comply with the Authority's standards for two (2)
23 years shall be a ground to automatically cancel the License without need of judicial
24 recourse. The WSP shall be monitored and supervised by the Authority in all aspects of
25 its operation necessary to ensure compliance with the provisions of this Act and the
26 rules to be issued by the Authority thereunder.

27
28 An existing and operating WSP may, upon approval of the LWUA and the Authority
29 and upon compliance with financial and operational benchmarks to be set by the
30 Authority, act as the lead entity in the amalgamation process and constitute itself into
31 the LWSSC that will exercise jurisdiction over the PWRZ or a portion thereof. Said
32 resulting LWSSC shall be subject to the authority and jurisdiction of the Authority
33 herein created.

34
35 All employees and personnel, if qualified, of existing WSPs in a particular PWRZ shall
36 be given preference in the hiring of personnel by the LWSSC or subsequent Licensee in
37 the said PWRZ. All displaced or separated personnel from the service as a result of the
38 aforesaid amalgamation of WSPs shall be entitled to separation pay and other benefits in
39 accordance with existing laws, rules or regulations.

40
41 **Section 8. Creation of a Unified Database for Water Industry.** - In furtherance of the
42 policies set forth in this Act, all information regarding the water industry, WSPs,
43 including the rights and contracts involved in the utilization of water resources shall be
44 lodged with the Authority. It shall be the Authority's duty to receive and consolidate basic
45 data, to act as a central registry or central repository of information, and to provide access
46 to reliable, standardized information on the water industry and WSPs.

47
48 For this purpose, the Authority shall assume the power, authority and responsibility of
49 creating and maintaining a unified, publicly accessible, computerized and centralized
50 database of all relevant information as defined in this Act, including but not limited to,
51 the use of benchmarking techniques to process information related to pricing,
52 performance, quality of service, and coverage targets of all WSPs within and across
53 PWRZs.

54
55 WSPs, their subsidiaries and affiliates, and other entities that provide water services are
56 required to submit Relevant Information on a regular basis to the Authority.

57

1 The Authority may request and collect data from other offices and agencies in the
2 government in order to ensure the timeliness, accuracy and relevance of the database. It
3 shall be the duty of the government official receiving such request from the Authority to
4 facilitate the transfer of requested information at the soonest possible time, subject only
5 to the restrictions on confidentiality, as implemented by other laws or valid agreements.
6

7 The Authority shall, on a quarterly basis, issue a consolidated report containing the
8 performance, pricing and quality data gathered from WSPs. Each report shall contain
9 graphical representations of the above data reflecting the relative performance of WSPs
10 within a PWRZ and across PWRZs. The public shall have, as a matter of right, ready and
11 immediate access to Relevant Information possessed and collected by the Authority. In
12 order to encourage effective competition and consumer participation, the Authority shall
13 ensure that online access to data pertinent to the monitoring of the water industry is free
14 and open. For non-web based requests, the Authority is empowered to charge reasonable
15 fees to recoup costs incurred in producing copies for the requesting party.
16

17 Any provision of law notwithstanding, the functions of the LWUA related to data and
18 information gathering, evaluation, inspection, and analysis of the water industry and
19 WSPs are hereby transferred to the Authority. The LWUA shall, within six (6) months
20 from the passage of this Act, transfer to the Authority all accumulated data and
21 information, including methodologies and best practices in generating the same, relating
22 to the water industry and WSPs. Both entities shall coordinate in order to ensure a smooth
23 transmission of functions and the integrity of accumulated information.
24

25 A continuing nationwide educational campaign shall be developed and undertaken by the
26 Authority to promote the benefits of a unified information system to the economy; to
27 create awareness on the rights of consumers; and to brief consumers of other related
28 information.
29

30 **Section 9. Declaration of the Water Industry as a Priority Investment Sector.** - The Water
31 Industry is hereby declared a priority investment sector that will regularly form part of
32 the country's Investment Priority Plan, unless declared otherwise by law.
33

34 **Section 10. Incentives for Investment in the Water Industry.** - LWSSCs, WSPs,
35 Licensees, developers and operators of water industry facilities formed and organized
36 under this Act shall, upon certification by the Authority, in consultation with the Board of
37 Investments, be entitled to the following incentives:
38

- 39 (a) Income Tax Holiday (ITH) – For the first ten years (10) of its commercial
40 operations, the duly registered developer or operator shall be exempt from income
41 taxes levied by the national government.
42

43 Additional investments in the project shall be entitled to additional income tax
44 exemption on the income attributable to the investment.
45

- 46 (b) Duty-free Importation of Machinery, Equipment and Materials – Within the first
47 ten (10) years upon the issuance of a certification by the Authority, the
48 importation of machinery and equipment, and materials and parts thereof,
49 including control and communication equipment, shall not be subject to tariff
50 duties; *Provided, however*, that the said machinery, equipment, materials and
51 parts are directly and actually needed and used exclusively in the facilities for
52 processing, distribution and delivery of water to the point of use and covered by
53 shipping documents in the name of the duly registered operator to whom the
54 shipment will be directly delivered by customs authorities: *Provided, further*, that
55 endorsement of the Authority is obtained before the importation of such
56 machinery, equipment, materials and parts are made.
57

1 Endorsement of the Authority must be secured before any sale, transfer or
2 disposition of the imported capital equipment, machinery or spare parts is made.
3

4 When the aforementioned sale, transfer or disposition is made under any of the
5 conditions provided for in the foregoing paragraphs after ten (10) years from the
6 date of importation, the sale, transfer or disposition shall no longer be subject to
7 the payment of taxes and duties;
8

9 (c) Special Realty Tax Rates on Equipment and Machinery. – Any law to the contrary
10 notwithstanding, realty and other taxes on civil works, equipment, machinery, and
11 other improvements of a registered WSP actually and exclusively used for WSP
12 facilities shall not exceed one and a half percent (1.5%) of their original cost, less
13 accumulated normal depreciation or net book value.
14

15 (d) Net Operating Loss Carry-Over (NOLCO). – The NOLCO of a WSP during the
16 first three (3) years from the start of commercial operation which had not been
17 previously offset as deduction from gross income shall be carried over as a
18 deduction from gross income for the next seven (7) consecutive taxable years
19 immediately following the year of such loss: *Provided, however*, that operating
20 loss resulting from the availment of incentives provided for in this Act shall not
21 be entitled to NOLCO;
22

23 (e) Accelerated Depreciation. – If, and only if, a WSP fails to receive an ITH before
24 full operation, it may apply for Accelerated Depreciation in its tax books and be
25 taxed based on such: *Provided*, that if it applies for Accelerated Depreciation, the
26 project or its expansions shall no longer be eligible for an ITH. Accelerated
27 depreciation of plant, machinery, and equipment that are reasonably needed and
28 actually used for the exploration, development and utilization of water resources
29 may be depreciated using a rate not exceeding twice the rate which would have
30 been used had the annual allowance been computed in accordance with the rules
31 and regulations prescribed by the Secretary of the Department of Finance and the
32 provisions of the National Internal Revenue Code (NIRC) of 1997, as amended.
33 Any of the following methods of accelerated depreciation may be adopted:
34

35 (i) Declining balance method; and
36

37 (ii) Sum-of-the years digit method.
38

39 (f) Tax Credit on Domestic Capital Equipment and Services. – A tax credit
40 equivalent to one hundred percent (100%) of the value of the value-added tax and
41 custom duties that would have been paid on the machinery, equipment, materials
42 and parts, had these items been imported, shall be given to a WSP who purchases
43 machinery, equipment, materials, and parts from a domestic manufacturer for
44 purposes set forth in this Act: *Provided*, that prior approval by the Authority was
45 obtained by the WSP: *Provided, further*, that the acquisition of such machinery,
46 equipment, materials, and parts shall be made within the validity of the WSP's
47 contract, license or other agreement to service as a PWRZ.
48

49 The availment of incentives under this Act shall be regulated by the Authority. Should an
50 existing WSP be entitled to incentives under another law, the WSP shall be required to
51 state whether it prefers to adopt the incentives laid out in this Act in lieu of other
52 incentives under other laws. Such statement shall be in a public document addressed to
53 the Authority for its approval.
54

55
56 **CHAPTER III**
57 **RIVER BASIN CLUSTERS AND RIVER BASIN ORGANIZATIONS**

1
2 **Section 11. *IWRM Principles in River Basin Clusters.*** – Principles of Integrated Water
3 Resources Management (IWRM) shall be adopted as the strategy for the management and
4 administration of the River Basin Clusters (RBCs) defined pursuant to Section 6 of this
5 Act. The appropriation and utilization of water in RBCs for domestic, municipal,
6 irrigation, power generation, fisheries, livestock raising, recreational and other purposes
7 shall be in accordance with IWRM principles including the following:

- 8 (a) Fresh water, a resource which is limited and vulnerable, is vital in the sustenance
9 of life, progress and development;
10 (b) Water, capable of being appropriated to various uses, possesses economic value
11 and thus should be considered an economic good; and
12 (c) A collaborative multi-stakeholder approach shall be utilized in the development
13 and management of water resources.
14

15 The Authority, in collaboration with the DENR and other relevant agencies, shall
16 promulgate rules and regulations to implement the foregoing policies.
17

18 **Section 12. *Creation and Composition of River Basin Organizations*** - The Authority
19 shall create River Basin Organizations (RBOs) for each River Basin Cluster (RBC) which
20 shall be composed of:

- 21
22 (a) One (1) representative for each LWSSCs within the RBC;
23
24 (b) One (1) representative for each provincial or city government within the RBC;
25
26 (c) Two (2) representatives from the private sector appointed by the Authority.
27 The private sector representatives must have recognized competence in the
28 relevant fields in the water and sanitation industry and shall be knowledgeable
29 principles of Integrated Water Resource Management; and
30
31 (d) Other multi-sectoral members and key stakeholders in the water industry to be
32 determined by the Authority.
33

34 **Section 13. *Functions of River Basin Organizations.*** - The River Basin Organizations
35 shall have the following functions:

- 36
37 (a) To plan, coordinate and monitor all activities within the river basin located in the
38 RBC;
39
40 (b) To engage in Flood Risk Management (FRM) with respect to the RBC;
41
42 (c) To create a special task force in extreme cases of disasters brought about by flood
43 waters in coordination with the respective LGUs where the RBCs are located;
44
45 (d) To formulate Integrated Water Resources Management (IWRM) policies and
46 plans and recommend the same for the approval of the Authority;
47
48 (e) To set-up efficient assessment procedures of available water in different sectors
49 (i.e. commercial, municipal, agricultural) in order to achieve supply optimization,
50 including, but not limited to water balances, wastewater reuse, and environment
51 impacts of distribution and use options;
52
53 (f) To oversee and coordinate the implementation, promotion, revision and
54 enhancement of the IWRM Plan; and

1
2 (g) To secure funding sources to support the identified projects and programs for the
3 river basin within the RBC.
4

5 **Section 14. *Integration of Planning, Management, Rehabilitation and Development of***
6 ***River Basins.*** – Adopting the river basin or watershed approach to water resource
7 management, the Authority shall integrate and rationalize the planning, management,
8 rehabilitation and development of river basins, including but not limited to river basin
9 infrastructure development, flood control, environmental protection and integrated water
10 resources management. The Authority shall coordinate initiatives, programs and projects
11 of local government units, non-government organizations and other entities concerning
12 the development and rehabilitation of river and catchment basins. In order to create an
13 effective policy environment for the management of river basins, the Authority shall
14 harmonize, consolidate and enhance all relevant river basin policies, rules and
15 regulations.
16

17 To ensure that an equitable access to water within an RBC, the Authority shall set
18 guidelines in the effective and efficient water allocation and distribution. The Authority
19 shall identify the character of the water available in the various river and catchment
20 basins and shall ensure the effective water distribution in accordance with the needs of
21 the different sectors found in the RBC.
22

23 In order to prevent and reduce the dire effects of flood waters, the Authority shall make
24 disaster awareness and preparedness a priority, and will develop measures to ensure that
25 the methods used in flood control will effectively minimize the damage brought about by
26 flood waters. The Authority shall also focus on “post-flood” activities such as clean-up,
27 restoration and renovation of infrastructures that were affected by the flood waters.
28
29

30 **Section 15. *River Basin Database Management.*** – The Unified Database for the Water
31 Industry created pursuant to Section 8 of this Act shall also serve as the central river
32 basin database to which all River Basin Organizations, government agencies and other
33 organizations with relevant mandates and developmental initiatives within the river
34 basins are required to regularly submit their updated databases for integration and
35 consolidation.
36

37 **Section 16. *River Basin Conservation, Protection and Rehabilitation.*** – The Authority, in
38 coordination with the River Basin Organizations, the DENR and other appropriate
39 agencies involved in river basin management, shall undertake river basin conservation,
40 protection and rehabilitation and shall adopt appropriate soil and water conservation, and
41 protection measures to safeguard the hydrological integrity of river basins and help
42 sustain the protection of water for various purposes and uses.
43
44

45 CHAPTER IV

46 CREATION OF LOCAL WATER SUPPLY AND SANITATION COMPANIES

47

48 **Section 17. *Creation of Local Water Supply and Sanitation Companies.*** – There are
49 hereby created government-owned and -controlled corporations to be known as the
50 LWSSC which shall have supervision, control and jurisdiction over all water and
51 sanitation systems within the PWRZs created pursuant to this Act and take ownership of
52 all assets of WSPs within such PWRZs.
53

54 Water and sanitation systems in Metro Manila and in all special and economic zones shall
55 remain under the supervision, control and jurisdiction of the MWSS and the appropriate
56 special/economic zone authority, respectively.

1
2 **Section 18. Purpose and Objective, Domicile and Term of Existence.** - The principal
3 purpose of the LWSSCs is to manage, operate and maintain the water and sanitation
4 systems with a PWRZ and, subject to rules and guidelines to be promulgated by the
5 Authority, to enter into PPP Agreements with eligible persons or entities.

6
7 Each LWSSC shall have its principal office and place of business within its jurisdictional
8 area in its designated PWRZ.

9
10 LWSSCs shall exist for a period of fifty (50) years from its organization and
11 establishment, unless otherwise provided by law.

12
13 **Section 19. Powers and Functions of the Local Water Supply and Sanitation Companies.**
14 - The LWSSCs shall have the following powers and functions:

15
16 (a) To construct, maintain, and operate dams, reservoirs, conduits, aqueducts,
17 tunnels, purification plants, water mains, pipes, fire hydrants, hydraulic
18 structures, pumping stations, machineries and other waterworks for the
19 purpose of supplying water to the inhabitants of its territory, for domestic and
20 other purposes; and to purify, research and develop, regulate and control the
21 use, as well as prevent the wastage of water;

22
23 (b) To construct, maintain, and operate such sanitary sewerages, as may be
24 necessary, for the proper sanitation and other uses of the areas comprising the
25 PWRZ and to make sure that such sanitary sewerages are capable of
26 accommodating the regular to heavy flow of rain water;

27
28 (c) To acquire, purchase, hold, transfer, sell, lease, rent, mortgage, encumber,
29 and otherwise dispose of real and personal property, consistent with the
30 purpose for which the LWSSC is created and reasonably required for the
31 transaction of the lawful business of the same;

32
33 (d) To construct works across, over, through and/or alongside, any stream,
34 water-course, canal, ditch, flume, street, avenue, highway or railway, whether
35 public or private, as the location of said works may require; *Provided*, that,
36 such works be constructed in such manner as to afford security to life and
37 property and so as not to obstruct traffic; *Provided*, further, that the stream,
38 water-course, canal, ditch, flume, street, avenue, highway or railway so
39 crossed or intersected be restored without unnecessary delay to its former
40 state. Any person or entity whose right may be prejudiced by said works shall
41 not obstruct the same; however, he shall be given reasonable notice before the
42 construction and shall be paid just compensation. The LWSSC shall likewise
43 have the right to locate, construct and maintain such works on, over and/or
44 through any street, avenue, or highway and land and/or real rights of the
45 Republic of the Philippines or any of its branches, agencies and political
46 subdivisions upon due notice to the office, or entity concerned, subject solely
47 to the condition that the street, avenue, or highway in which said works are
48 constructed be restored without unnecessary delay to its former state unless
49 otherwise agreed upon by the LWSSC and the office or entity concerned;

50
51 (e) To exercise the right of eminent domain for the purpose for which the
52 LWSSC is created;

53
54 (f) To sue and be sued;

55
56 (g) To adopt and establish the policies and goals as may be necessary or
57 proper for the orderly conduct of its business or operations;

1
2 (h) To borrow money and incur such liabilities, including the issuance of
3 bonds, securities or other evidences of indebtedness utilizing its assets as
4 collateral and/or through the guarantees of the National Government;
5 *Provided*, however, that all such debts or borrowings shall have been paid off
6 before the end of its corporate life;

7
8 (i) To approve, regulate, and supervise the establishment, operation and
9 maintenance of waterworks within its jurisdiction operated for commercial,
10 industrial and governmental purposes and to fix just and equitable rates or fees
11 that may be charged to customers thereof;

12
13 (j) To establish, operate and maintain the waterworks and sewerage system
14 within its jurisdiction;

15
16 (k) To approve and regulate the establishment and construction of waterworks
17 and sewerage systems in privately owned subdivisions within its jurisdiction;

18
19 (l) To have exclusive and sole right to test, mount, dismount and remount
20 water meters within its jurisdiction;

21
22 (m) To enter into PPP Agreements with persons or entities to operate and
23 maintain water and sanitation systems within the PWRZ, subject to the
24 provisions of this Act;

25
26 (n) To exercise primary and exclusive jurisdiction over disputes between
27 WSPs, or between customers and WSPs, within an LWSSC, where such
28 cases involve contesting rates, levels and quality of service, fees, fines and
29 penalties imposed in the exercise of an LWSSC's powers, functions and
30 responsibilities, as set forth herein; and

31
32 (o) To compel a PPP partner or WSP to submit required documents and
33 information through subpoena duces tecum in the conduct of inquiry or
34 investigation of possible violations of this Act or other related issuances and
35 rules.

36
37 **Section 20. Composition, Qualification, Appointment and Tenure of the Board of**
38 **Trustees.** - The corporate powers and functions of the LWSSC shall be vested in and
39 exercised by a Board of Trustees composed five (5) members, to wit:

40
41 (a) One (1) member who shall be appointed by the Provincial Governor;

42
43 (b) One (1) member who shall be nominated by the League of Cities or
44 Municipalities covering the jurisdictional area of an LWSSC;

45
46 (c) One (1) member representing the private sector who shall be appointed by
47 the President of the Philippines;

48
49 (d) One (1) *ex-officio* member representing the Department of Finance, as
50 nominated by the Secretary of Finance; and

51
52 (e) One (1) *ex-officio* member representing the NEDA, as nominated by the
53 Director-General.

54
55 The member representing the private sector shall act as Chairman. The Chairman and the
56 members of the Board, except the *ex-officio* members, shall serve for a term of three (3)
57 years, except that the members initially appointed shall serve, as designated in their

1 appointments, one for one year, one for two years and one for three years; *Provided*, that,
2 any person chosen to fill a vacancy shall serve only for the unexpired term of the member
3 whom he succeeds.

4
5 No person shall be appointed as a member of the Board unless he is a Filipino citizen, of
6 good moral character and of recognized competence in relevant fields in the water
7 industry or in civil engineering and/or sanitary engineering, business management,
8 economics, finance, and law, with at least five (5) years of actual and distinguished
9 experience in their respective fields of expertise.

10
11 The Authority shall issue guidelines on the appointment process for the Board of Trustees
12 of the LWSSCs to facilitate the completion of the board compositions.

13
14 **Section 21. Meetings of the Board; Quorum, Required Votes.** - The Board of Trustees
15 shall, immediately after its organization, adopt rules and procedures in the conduct of its
16 meetings. A majority of the Board shall constitute a quorum for the transaction of
17 business and the affirmative vote of three shall be required for the adoption of any action.

18
19 **Section 22. LWUA as a Specialized Lending Institution.** - After the completion of the
20 amalgamation process in accordance with Section 7 hereof, the LWUA shall function
21 solely as a specialized lending institution which shall provide financial services to
22 qualified local water utilities, LWSSCs, Licensees and Water Service Providers.

23
24
25 **CHAPTER V**
26 **ECONOMIC POLICY AND REGULATIONS**
27

28 **Section 23. Operation of a Water Supply System and/or Sewerage System.** - The function
29 and responsibility of providing, operating and maintaining a Water Supply System and/or
30 Sewerage System in a PWRZ shall fall upon the LWSSC concerned, In the case of
31 special and economic zones and Metro Manila, the special/economic zone authority or
32 MWSS, respectively, all of which shall be subject to guidance from the Authority.

33
34 Subject to the provisions of this Act and the rules to be promulgated by the Authority, an
35 LWSSC may enter into a PPP Agreement with a person or entity for the provision,
36 operation and maintenance of a Water Supply System and/or Sewerage System in a
37 PWRZ; *Provided* that an LWSSC which opts to provide water and/or sanitation services
38 in a PWRZ shall comply with performance standards which shall be determined and
39 monitored by the Authority within a period of three (3) years. LWSSCs which fail to
40 attain such performance standards within the aforesaid period shall be mandated to enter
41 into a PPP Agreement with eligible persons or entities in accordance with rules to be
42 determined by the Authority.

43
44 **Section 24. Amalgamation of Water Assets.** - Within the periods provided herein, the
45 LWUA shall, under the supervision of, and based on the rules promulgated by, the
46 Authority, cause the amalgamation of assets of WSPs pertaining to water supply and
47 sanitation within a particular PWRZ. This is to ensure a unified and comprehensive
48 Water Supply System and/or Sewerage System that shall supply water and sanitation
49 services to the entire PWRZ concerned. As much as possible, a single, unified and
50 comprehensive Water Supply and/or Sewerage System shall cover all aspects of such
51 systems, including water resource development, treatment, storage, distribution and
52 reuse. For this purpose, the initial sum of ten million pesos (Php10,000,000.00) shall be
53 appropriated to facilitate the amalgamation process and this amount shall be charged
54 against proceeds from PPP or other arrangements which may be entered as regards these
55 assets.

56

1 The Authority shall guide the LWUA and the WSPs concerned to ensure an efficient,
2 smooth and orderly amalgamation of operations and assets. WSPs undergoing
3 amalgamation may, subject to existing laws, enter into such arrangements that will
4 facilitate the management or temporary ownership of their assets pending amalgamation.
5

6 The assets of the amalgamated WSPs within a PWRZ shall, subject to just compensation,
7 be transferred to and held by the LWUA; *Provided* that the management and ownership
8 of the LWUA over such assets shall be transferred to the appropriate LWSSC upon the
9 completion of the amalgamation process, as determined by the Authority. In the case of
10 special and economic zones and Metro Manila, the entity exercising jurisdiction over
11 such areas will exercise the aforementioned authority. For this purpose, the LWUA is
12 empowered to acquire, sell, dispose, contract, change and transfer ownership or control of
13 assets, rights and contracts concerning WSPs and its assets. The LWUA shall, in the
14 exercise of this responsibility defer to the guidelines promulgated by the Authority
15 concerning the amalgamation process.
16

17 **Section 25. Licensing.** – Each LWSSC is empowered and encouraged to enter into a
18 partnership with a qualified Licensee for the provision, operation and maintenance of the
19 Water Supply System and/or Sewerage System for its respective PWRZ, through the
20 issuance of a License, the execution of a PPP Agreement, or any other similar
21 arrangement; *Provided* that such partnership shall be made in accordance with the rules
22 and regulations to be promulgated by the Authority on the matter, as well as the
23 provisions of Republic Act No. 9184. The LWSSC shall secure the endorsement of the
24 Provincial Government for any partnership under this section.
25

26 **Section 26. Qualifications of Licensee.** - Licensees must meet the following
27 qualifications:
28

- 29 (a) Must be a citizen of the Philippines or corporations or associations organized
30 under the laws of the Philippines at least sixty percent of the capital stock of
31 which is owned by such citizens;
32
- 33 (b) Minimum paid-up capitalization of one million pesos (Php 1,000,000.00);
34
- 35 (c) Established track record to be defined by the Authority; and
36
- 37 (d) Any other qualifications that the Authority may deem appropriate.
38

39 **Section 27. Rights and Duties of Licensees.** – Licensees shall have the duty to ensure that
40 its activities are conducted so as to further the public interest and, in particular, that they:
41

- 42 (a) foster the maintenance and development of efficient, coordinated, and economic
43 cooperation of their activities;
44
- 45 (b) give priority to FRM and propose measures towards the end of developing the
46 methods of flood control;
47
- 48 (c) ensure that their Water Supply and/or Sanitation Services are provided in a
49 diligent, conscientious and workmanlike manner, in accordance with applicable
50 laws and the standards and practices generally accepted in the Philippine and
51 international water supply and/or sanitation industry; and
52
- 53 (d) comply with drinking water quality requirements.
54

55 Licensees shall, to the extent allowed by law and specified in the License, have the right
56 to acquire or lease land and lay or repair water or sewerage mains and other relevant
57 facilities in public ways, when required to fulfill their obligations. In as far as laying or

1 repairing of water or sewerage mains are concerned, the same shall be done expeditiously
2 and efficiently to avoid contributing to the risk of damage brought about by flood waters.
3

4 Subject to any condition imposed by the Authority, a Licensee may disconnect the supply
5 of piped water services and/or sanitation services to a customer if such customer defaults
6 in the payment of amount(s) due to that Licensee in respect of water supplied or
7 sanitation services provided, or for acts of pilferage pursuant to Sections 8, 9, 10, and 11
8 of Republic Act No. 8041, otherwise known as the "National Water Crisis Act of 1995."
9

10 **Section 28. Mandatory Provisions.**— Any License issued under this Act shall include
11 provisions on the following matters:
12

- 13 (a) Incentives and disincentives for Licensees;
- 14
- 15 (b) Severance of affected employees and personnel;
- 16
- 17 (c) Dispute resolution mechanism in accordance with the Section 32 of this Act;
- 18
- 19 (d) Transferability of License, Management Contract, PPP Agreement or award in
20 case of failure to meet the standard set by the Authority; and
- 21
- 22 (e) Any other provision the Authority or the LWSSC shall deem appropriate to
23 achieve the stated objectives of this Act.
24

25 **Section 29. Non-Derogation; Effect on Existing Licenses and Similar Arrangements.**—
26 Except for what is provided for in Section 7 hereof on the amalgamation of WSPs,
27 nothing in this Act shall be construed as to derogate any rights arising from existing
28 Licenses, management contracts, concession agreements and similar arrangements.
29

30 **Section 30. Revision and Subrogation Mechanisms.** — The Authority shall have the power
31 to revise the terms of a License in the event of the Licensee's failure to meet the quality
32 standards set by the Authority within a period of two (2) years from the start of its
33 operations after observance of due process. This right includes the right to replace the
34 current Licensee with another qualified Licensee.
35

36 **Section 31. Mechanism for Setting Tariffs, Rates and Other Charges.**—The Authority
37 shall formulate an objective, rational and transparent mechanism for fixing and adjusting
38 Tariffs, rates and other charges imposed by Licensees which (i) allows the economic
39 viability of the provision of water and/or sanitation services; (ii) grants the Licensees a
40 reasonable return on investments; (iii) encourages the inflow of investments in the water
41 sector, promotes efficiency and continuous improvement in water systems and facilities;
42 (iv) ensures affordable and reasonable rates and fees for the average consumer, and (iv)
43 protects the welfare of consumers.
44

45 The aforesaid mechanism for fixing and adjusting Tariffs, rates and other charges shall
46 apply conventional and internationally accepted rate-setting methods and shall consider
47 the following factors, among others:
48

- 49 (a) Rational and prudent operating costs of providing water and/or sanitation services,
50 including a reasonable rate of return on investments;
- 51
- 52 (b) Costs of debt in domestic and international markets and the cost of equity for
53 utility businesses in the Philippines and abroad; and
- 54
- 55 (c) Service quality and performance of a Licensee based on key indicators, such as,
56 but not limited to, water quality, availability, unaccounted for water (or non-
57 revenue water), service coverage, including incentives for Licensees which

1 achieve specified levels of performance benchmarked against existing industry
2 data, and disincentives for Licensees which fail to attain the same.
3

4 Any escalation on Tariffs, rates and other charges shall be primarily based upon the level
5 of compliance with key performance metrics which shall reflect current industry
6 standards maintained and updated in the Unified Database for the Water Industry, as set
7 forth in Section 8 of this Act.
8

9 **Section 32. Arbitration.** - All disputes, controversies, or disagreements between LWSSCs
10 and licensed WSPs or private sector partners, except where such involve an allegation of
11 a criminal act, arising out of, in connection with or in relation to a PPP Agreement
12 executed pursuant to this Act, which cannot be amicably settled or resolved through
13 mutual consultations or negotiation among the parties, shall be finally settled by domestic
14 arbitration in accordance with Republic Act No. 876 (Arbitration Law), as amended, and
15 Republic Act No.9285 (Alternative Dispute Resolution Law of 2004), as amended. The
16 decision of the arbitrators shall be final and conclusive on the parties.
17

18 An Arbitration Clause reflecting the foregoing policy shall be included in all PPP
19 Agreements executed pursuant to this Act.
20

21 **Section 33. Lifeline Rate.** - In line with the policy of granting universal access to water
22 services, more particularly to the marginalized sector, the Authority shall establish a
23 socialized pricing mechanism. This will enable the setting of a lifeline rate or a targeted
24 subsidy on the basic water consumption of low-income market end-users who cannot
25 afford to pay at full cost and ensure that the overall tariff rate supports the viability of the
26 Licensees, as described in Section 31 of this Act. The Authority, after due notice and
27 hearing, shall determine the level of basic water consumption and the discount rate.
28

29 **Section 34. Missionary Water Services.** - The Authority shall encourage and promote
30 missionary water services or the provision of water services to remote, rural and unviable
31 areas that do not have sufficient or adequate access to water with the end in view of
32 elevating water services in such areas to a viable and sustainable level. Missionary water
33 service initiatives shall be funded from the revenues from water services provided in
34 missionary areas and from such charges which may be collected from all consumers
35 within a PWRZ, subject to implementing regulations which shall be determined and
36 formulated by the Authority.
37

38 **Section 35. Water Crisis Provision.** - The Authority shall adopt a proactive approach to
39 avert a water crisis by initiating water conservation efforts and water use efficiency,
40 incentivizing the use of efficient water distribution systems, utilizing integrated,
41 systematic and predictive water management and monitoring systems, encouraging the
42 financing, construction, improvement and operation of water facilities, and analogous
43 efforts and initiatives in order to increase water supply and improve water quality. The
44 Authority shall create plans and programs, and issue rules and regulations to accomplish
45 the foregoing.
46

47 In the event the President of the Philippines determines that a water crisis is impending,
48 Congress may, through a joint resolution, authorize the employment of emergency
49 measures to increase water supply under such terms and conditions as it may approve,
50 and reorganize the Joint Executive-Legislative Water Crisis Commission created
51 pursuant to Republic Act No. 8041, otherwise known as the "National Water Crisis Act
52 of 1995", to exercise the powers and perform the functions stated in the said law.
53
54

55 **CHAPTER VI**
56 **ORGANIZATION**
57

1 **Section 36. *The Authority.*** – There is hereby created and established an independent
2 Authority to be named the Water and Sanitation Regulatory Authority, hereinafter
3 referred to as the “Authority”, which shall be organized within one hundred eighty (180)
4 days upon effectivity of this Act, primarily from but not limited to the NWRB and
5 similar government agencies, offices or bureaus tasked with the allocation, distribution
6 and preservation of water as a valuable resource.

7
8 The Authority shall be placed under the administrative supervision of the Office of the
9 President.

10
11 **Section 37. *Powers and Functions of the Authority.*** – The Authority, pursuant to Section
12 5 of this Act, shall exercise to the exclusion of other agencies, regulatory power over all
13 WSPs and for this purpose shall have the following powers and functions:

14
15 (a) Evaluate, review, monitor, examine and approve all applications
16 for the appropriation, and use of waters, development of sewerage
17 systems and treatment of wastewater.

18
19 (b) Formulate policy directions, strategies and targets to meet the
20 goals and objectives for water sourcing, supply, allocation,
21 distribution, including preservation, wastewater treatment and
22 sewerage development and septic management.

23
24 (c) Issue and promulgate rules, regulations and guidelines, as may
25 be necessary, to implement and enforce its powers and functions
26 under this Act;

27
28 (d) Set and enforce just and reasonable technical criteria, methods,
29 standards, benchmarks and other measurements of service;

30
31 (e) Primary jurisdiction in matters relating to the appropriation,
32 utilization, exploitation, development, control and conservation,
33 protection of all waters, as well as proper disposal and/or treatment of
34 sewage, septage and wastewater in the country, including autonomous
35 regions;

36
37 (f) Manage, administer and operate all watersheds;

38
39 (g) Establish rules and regulations to monitor, avoid and provide
40 remedies for any abuse or anti-competitive or discriminatory act or
41 behavior by or against any participant in the water supply and
42 sanitation industry;

43
44 (h) Adopt and require that books, records and accounts be kept and
45 maintained in accordance with the prescribed uniform accounting
46 system;

47
48 (i) Fix and determine proper and adequate fees for services;

49
50 (j) Fix and determine proper and adequate rates of depreciation of
51 properties and equipment used in water supply and sanitation industry;

52
53 (k) Impose and collect annual levies determined, as a percentage of
54 gross revenue accruing in relation to the licensed activities, and
55 reasonable fees and surcharges as may be necessary for achieving the
56 purposes, powers and functions of the Authority;

57

1 (l) Require the submission of reports, documents, testimony and
2 other Relevant Information as set forth in this Act, through subpoena
3 ad testificandum or duces tecum if necessary;
4

5 (m) Determine and require the monitoring and submission of such
6 data, statistics and other information from public and private entities
7 and any or all licensees, as may be necessary, for the effective and
8 efficient exercise of its duties, functions, powers and responsibilities;
9

10 (n) Investigate, *motu proprio* or upon complaint in writing, any matter
11 concerning the operation of the service, and require that service be
12 provided in proper and suitable manner;
13

14 (o) Impose penalties and fines against any Licensee or against its
15 owners, directors, officers, agents or representatives for any violation
16 of this Act or of the license, order, rule regulation or requirement
17 issued by the Authority;
18

19 (p) Require any Licensee to pay the actual expenses incurred by the
20 Authority in any investigation, if it shall be found that a Licensee
21 violated any provision of this Act or of the license, order, rule
22 regulation or requirement issued by the Authority;
23

24 (q) Advise, apprise and coordinate with other relevant agencies of
25 the national or local government on any matter relating to water
26 supply and sanitation industry;
27

28 (r) Deputize agents, whether from the public or private sector, to
29 assist in the performance of any of the powers and functions of the
30 Authority;
31

32 (s) Upon appeal and after due hearing, appoint an interim or
33 temporary management committee to ensure continuity of service in
34 case a Service Provider Licensee fails to meet conditions of the
35 license;
36

37 (t) Appoint, hire and maintain adequate staff and personnel,
38 advisers, and/or consultants, with suitable qualifications and
39 experience, as necessary;
40

41 (u) Exercise exclusive appellate jurisdiction over appeals from LWSSC
42 decisions and resolutions regarding contesting rates, levels and quality of
43 service, fees, fines and penalties imposed in the exercise of an LWSSC's
44 powers, functions and responsibilities, as set forth herein where said cases
45 involve disputes between WSPs, or between customers and WSPs, within an
46 LWSSC;
47

48 (v) Exercise primary and exclusive jurisdiction over disputes between
49 LWSSCs and between customers and LWSSCs regarding contesting rates,
50 levels and quality of service, and such other matters relative to the exercise
51 of the powers and responsibilities of LWSSCs; and
52

53 (w) Such other incidental powers and functions as may be necessary to
54 attain the objectives of this Act.
55

56 **Section 38. Water Resource Regulation.** – When exercising its water resource regulation
57 functions, the Authority shall be guided by the provisions of Presidential Decree No.

1 1067, otherwise known as the Water Code of the Philippines, on Appropriation of
2 Waters, resolution of cases arising from water use, including conflicts between water
3 users, as well as any other applicable provisions of the Water Code and other relevant
4 laws or government issuances.

5
6 **Section 39. Composition.** – All the powers of the Authority shall be vested in and
7 exercised by a Board of Officers, a collegial body of nine (9) members. Seven (7)
8 members shall be full-time employees of the Authority composed of a Chairperson and
9 six (6) Officers, appointed by the President of the Philippines. Each member, including
10 the Chairperson shall concurrently head and serve the following Departments of the
11 Authority: (1) Administration; (2) Registry; (3) Tariffs; (4) Engineering and
12 Infrastructure Development; (5) Environmental and Consumer Protection; (6) Audit and
13 Finance; and (7) Legal and Enforcement. While the remaining two (2) officers shall be
14 *ex-officio* members representing the Department of Finance and the National Economic
15 Development Authority (“NEDA”) nominated by the Secretary and the Director-General,
16 respectively.

17
18 **Section 40. Common Qualifications for Concurrent and Ex-Officio Officers.**– Each
19 Officer, including the Chairperson must be citizens and residents of the Philippines, at
20 least thirty five (35) years of age, and of good moral character, recognized integrity and
21 competence in the field of law, business, commerce, finance, accounting or public
22 administration, water or utility economics, management, physical or engineering services,
23 hydrology and other related services, with at least three (3) years actual and distinguished
24 experience in their respective fields of expertise.

25
26 **Section 41. Special Qualifications for Concurrent Officers.** – In addition to the
27 qualifications enumerated, the Chairperson, who shall concurrently head the
28 Administration Department shall be a member of the Philippine Bar with at least ten (10)
29 years experience in the active practice of law. The Officer who shall concurrently head
30 the Legal and Enforcement Department shall be a member of the Philippine Bar with at
31 least ten (10) years experience in the active practice of law; while the Officer who shall
32 concurrently head the Audit and Finance Department shall be a certified public
33 accountant with at least (10) ten years experience in active practice. Additional
34 requirements and qualifications for the officers, including the Chairperson, may be set
35 forth under the Implementing Rules and Regulations to be promulgated upon creation and
36 formation of the Authority in conformity with this Act.

37
38 **Section 42. Prohibition and Disqualification.** – The Chairperson and Officers of the
39 Authority or any of their relatives within the fourth civil degree of consanguinity or
40 affinity, legitimate or common law, shall be prohibited from holding any interest
41 whatsoever, either as investor, stockholder, officer or director, in any company or entity
42 engaged in the business of transmitting, generating, supplying or distributing any form of
43 energy and must, therefore, divest, through sale or legal disposition, any and all interests
44 in the water sector upon assumption of office.

45
46 **Section 43. Term.** – The Chairperson and Concurrent Officers of the Board shall be
47 entitled to a term of seven (7) years; *Provided*, however, that among the Officers first
48 appointed upon creation of the Authority, the Chairperson shall serve for a period of
49 seven (7) years, three (3) Officers shall serve for five (5) years and the remaining three
50 (3) Officers shall serve for four (4) years without reappointment; *Provided*, further, that
51 any member whose term has expired, as specified herein, shall serve as such until his
52 successor shall have been appointed and qualified; *Provided*, moreover, that any
53 appointment to fill a vacancy in the Authority arising from death, removal, retirement or
54 resignation shall be made only for the unexpired term; *Provided*, finally, that in no case
55 shall any member serve for more than seven (7) years in the Authority.

56

1 *Ex-Officio* Officers of the Authority shall serve at the pleasure of the appointing power.
2 But in no case shall *ex-officio* member serve for more than seven (7) years in the
3 Authority. *Ex-Officio* Officers shall participate in the activities of the Authority to the
4 extent that the participation is not incompatible with their respective positions with the
5 Department of Finance or NEDA, as the case may be.
6

7 **Section 44. Security of Tenure.** – Concurrent Officers of the Authority shall enjoy
8 security of tenure and shall not be suspended or removed from office except for just
9 cause, as specified by law.
10

11 **Section 45. Board Meetings.** – The Board shall meet at least once a week, or as often as
12 may be necessary upon the call of the Chairman of the Board or by a majority of the
13 Board of Officers to ensure performance of its functions, subject to holidays, calamities,
14 emergencies or supervening events.
15

16 **Section 46. Quorum.** - The presence of at least five (5) Officers of the Board shall
17 constitute a quorum, which shall be necessary for the transaction of any business. The
18 affirmative vote of a majority of the Officers present in a quorum shall be adequate for
19 the approval of any resolution, decision or action.
20

21 **Section 47. Administrative Function.** - The Chairperson, shall concurrently head the
22 Administrative Department and shall exercise direct executive control and supervision of
23 the internal operations of the Authority, its Officers, staff and personnel, agents and
24 representatives. The Chairperson is also authorized to represent the Authority in all
25 dealings and transactions with other offices, agencies, and instrumentalities of the
26 Government and with all persons and other entities, private or public, domestic or
27 foreign.
28

29 **Section 48. The Registrar.** – There is hereby created and established the Water Industries
30 and Sewerage Registry, headed by a Registrar, tasked with implementing the unified
31 database referred to in Section 8 of this Act. The Registrar, shall conduct appropriate
32 research and comprehensive studies to provide the necessary technical inputs to facilitate
33 the Authority in the conduct of its functions.
34

35 **Section 49. Efficient Database Management, Confidentiality and Non-Disclosure.** – The
36 Registrar, as custodian of vital information necessary for the development of the water and
37 sanitation industry, shall develop cost-effective methods and systems for data
38 accumulation and dissemination while ensuring confidentiality of sensitive information.
39 To this end, the Authority shall establish and issue such rules and guidelines, as may be
40 necessary, to regulate disclosure of information, establish standards, and enforcement
41 of fines and penalties that would be imposed for any violations as set forth in this Act.
42

43 **Section 50. Fiscal Autonomy and Responsibility.**- The Authority shall enjoy fiscal
44 autonomy, subject to regular audits by the Commission on Audit. The amount of thirty
45 million pesos (Php 30,000,000.00) is hereby allocated from the existing budget of the
46 NWRB for the initial operation of the Authority. Any balance shall initially be sourced
47 from the Office of the President of the Philippines. Thereafter, the annual budget certified
48 by the Authority, through its chairperson, as necessary to defray its expenses, shall be
49 provided for in the regular or special appropriations and shall be released automatically
50 and regularly. To ensure the fiscal independence of the Authority, the Officer and
51 concurrent head of the Finance Department, shall be primarily responsible for the
52 preparation and disbursement of the budget of the Authority.
53

54 **Section 51. Compensation and Other Emoluments.** – The compensation of the Officers
55 of the Authority and its staff shall be exempt from the coverage of Republic Act No.
56 6758, otherwise known as the “Salary Standardization Act”; *Provided*, that the salaries

1 of the Authority and its staff shall conform, as closely as possible, to the principles of
2 R.A. 6758.

3
4 For this purpose, the schedule of compensation of the Authority's officers and
5 employees shall be submitted for approval of the President of the Philippines. The
6 compensation schedule shall be implemented within six (6) months from the effectivity
7 of this Act and maybe upgraded by the President of the Philippines, as the need arises;
8 *Provided* further, that in no case shall the compensation of the Authority and its staff be
9 upgraded more than once a year.

10
11 Pertinent civil service laws, rules and regulations of the Philippines shall be applicable
12 to the Authority.

13
14 **Section 52. Board Per Diems and Allowances.** - The Officers of the Board shall receive
15 per diem for each regular or special meeting of the Board actually attended by them, and,
16 such other allowances as the Board may prescribe, upon approval of the Secretary of
17 Finance, and in conformity with existing and future legislation.

18
19 **Section 53. Environmental and Consumer Protection.** - A qualified Officer of the Board,
20 shall concurrently head a department that shall address environmental and consumer
21 concerns in connection with applications, rights, licenses, concessions, programs,
22 activities, investments and projects approved by or pending with the Authority.

23
24 **Section 54. Technical Competence.** - Pursuant to the recommendations of the NEDA, the
25 Authority shall effectively undertake its vital and comprehensive functions by enhancing
26 its technical competence through continuing education and rigorous training programs in
27 the following areas: arbitration, dispute resolution, benchmarking, evaluation of technical
28 performance and compliance monitoring, service and performance standards,
29 performance-based rate-setting reform, environmental standards, fiscal responsibility,
30 profitability and such other areas as will enable the Authority to adequately perform its
31 duties and functions.

32
33 **Section 55. Realignment and Supervision of Existing Water Services Related Agencies.** -
34 The Authority shall have primary jurisdiction in matters relating to the appropriation,
35 utilization, exploitation, development, control and conservation, protection of all waters,
36 as well as proper disposal and/or treatment of sewage, septage and wastewater in the
37 country, including autonomous regions.

38
39 Pursuant to this mandate, all existing government agencies, bureaus or offices shall, as far
40 as practicable, be realigned with and fall under the supervision and control of the
41 Authority. Within ninety (90) days from the creation of the Authority's Board and
42 assumption of a majority of its Officers, the latter shall closely coordinate with
43 representatives from the Department of Environment and Natural Resources, Department
44 of Interior and Local Government, Department of Health, Cooperative Development
45 Authority, Laguna Lake Development Authority and other relevant government agencies
46 or offices to implement an effective realignment of functions and transition of resources.

47
48 All government employees and personnel displaced or separated from the service as a
49 result of the restructuring of realignment of or abolition of government offices, shall be
50 entitled to separation pay and other benefits in accordance with existing laws, rules or
51 regulations. Displaced or separated employees and personnel, if qualified, shall be given
52 preference in the hiring of other government agencies or instrumentalities.

53
54 **Section 56. Reportorial Requirements.** - The Authority shall submit an annual report to
55 the the President of the Philippines, Congress and to such other agencies as may be
56 required by law before the end of April of each year. An annual report containing but not
57 limited to the following matters: licenses issued, investments obtained, incentives

1 granted, disputes resolved, revenue generated, cost saved, and such matters relevant to
2 the performance of its functions. The Authority shall make copies of such reports
3 available to any interested party upon payment of a charge which reflects the printing
4 costs.

5
6 The Authority shall adopt its internal rules of procedures; conduct hearings and receive
7 testimonies, reports and technical advice; invite or summon by *subpoena ad*
8 *testificandum* any public official, private citizen or any other person to testify before it, or
9 require any person by *subpoena duces tecum* to produce before it such records, reports,
10 documents or other materials as it may require to attain the purposes for which it is
11 created and to make an accurate and comprehensive report to the President and Congress.
12 Any public official or private citizen or entity who willfully and deliberately refuses
13 without just cause to extend the support and assistance required by the Authority to
14 effectively attain its objectives shall be punished as set forth in this Act.

15
16
17 **CHAPTER VII**
18 **WATER SUPPLY SYSTEM AND SEWERAGE SYSTEM**

19
20 **Section 57. Construction of Sewerage System.** – The simultaneous construction of a
21 sewerage system with the water supply system is encouraged. A water services provider
22 licensed in a service area shall, subject to the approval of the Authority, be given an
23 optional license to construct and maintain a sewerage system in the same service area,
24

25 **Section 58. Hand Over of Water Supply System and Sewerage System.** - (a) Subject to
26 Subsections (a) and (e), a developer of a new development which is within a service
27 licensee's water supply distribution area or sewerage services area, as the case may be,
28 shall, upon the issuance of the certificate of compliance of the water supply system or
29 sewerage system or part of the systems by the Authority, hand over the water supply
30 system or sewerage system or part of the systems within the development to the water
31 distribution licensee or the service licensee providing sewerage services, as the case may
32 be, at no cost, for the purposes set out in Subsection (c);
33

34 (b) The service licensee shall accept the water supply system or sewerage system or part
35 of the systems, as the case may be, after the service licensee is satisfied that the water
36 supply system or the sewerage system or part of the systems meets the requirements set
37 out in the approved plans and specifications and standards;
38

39 (c) Upon the water supply system or the sewerage system or part of the systems being
40 handed over to the service licensee, the service licensee shall operate and maintain such
41 system;
42

43 (d) The developer shall provide or cause the owner of the land to provide the service
44 licensee access to the water supply system and sewerage system or part of the systems for
45 the purposes of operating and maintaining such system; and
46

47 (e) The Authority may exempt any developer from the requirements of this section if the
48 developer can establish that he has the sufficient financial, operational and technical
49 capacity to construct, maintain and operate the water supply system or sewerage system.
50 The Authority shall regularly assess the developer's water supply system or sewerage and
51 may revoke any exemption upon notice and hearing.
52

53 **Section 59. Power to Require Premises to be Connected to Sewerage System.** - (a) The
54 Authority may direct the owner in writing, or if the owner cannot, with reasonable
55 diligence, be traced, the occupant, of any premises not connected to a public sewerage
56 system, to construct or install for the premises, within the period specified in the notice, a
57 private connection pipe of such material or size and at such level as to enable the

1 premises to be properly and effectively connected to any sewerage system located within
2 thirty meters from the boundary of the premises; and

3
4 (b) If the owner or occupant to whom a direction under Subsection (a) has been issued
5 fails to comply with the direction within the period specified in the notice, the Authority
6 or any person authorized by the Authority may construct or install the private connection
7 pipe or cause the pipe to be constructed or installed and recover the expenses incurred in
8 the construction and installation of such pipes from the owner or occupant.

9
10 **Section 60. Power to Require Developer to Connect Development to Public Sewerage**
11 *System – (a) The Authority may direct the developer of any development not connected*
12 *to a sewerage system, to construct or install for the development, within the period*
13 *specified in the notice, a connection pipe of such material or size and at such level as to*
14 *enable the development to be properly and effectively connected to the sewerage system;*
15 *and*

16
17 (b) If the developer to whom a direction under Subsection (a) has been issued fails to
18 comply with the direction within the period specified in the notice, the Authority or any
19 person authorized by the Commission may construct or install the connection pipe or
20 cause the pipe to be constructed or installed and recover the expenses incurred in the
21 construction and installation of such pipes from the developer.

22
23 **Section 61. Power to Install or Construct Private Sewerage System or Septic Tank - (a)**
24 *The Authority may direct in writing the owner of any premises, or if the owner cannot,*
25 *with reasonable diligence, be traced, the occupant of the premises, to install or construct a*
26 *private sewerage system or septic tank for the premises, as the Authority deems necessary*
27 *in accordance with guidelines provided for in the Implementing Rules and Regulations;*
28 *and*

29
30 (b) The cost of the construction or installation of the private sewerage system or septic
31 tank shall be borne by the owner of the premises, or if the owner or cannot, with
32 reasonable diligence, be traced, the occupant.

33
34 **Section 62. Power to Require Private Sewerage System to be Put in Proper Order. - (a)**
35 *If the Authority is satisfied that: (i)a private sewerage system, septic tank, individual*
36 *internal sewerage piping or common internal sewerage piping on any premises or which*
37 *serves any premises; or (b)a private connection pipe connecting any premises to a*
38 *sewerage system, is defective or is not properly maintained or is in need of repair, the*
39 *Authority may issue a notice to the owner, or occupant of such premises or the person*
40 *responsible for the private sewerage system, septic tank, individual internal sewerage*
41 *piping, common internal sewerage piping or private connection pipe to have such private*
42 *sewerage system, septic tank, individual internal sewerage piping, common internal*
43 *sewerage piping or private connection pipe repaired or put in proper order within the*
44 *period specified in the notice;*

45
46 (b) If the Authority is satisfied that, due to any obstruction, any premises on which a
47 septic tank is situated does not have adequate access for the purpose of desludging the
48 septic tank, the Authority may issue a notice to the owner or occupant of such premises to
49 remove such obstruction within the period specified in therein;

50
51 (c) If the person to whom a notice issued under Subsection (a) or (b) fails to comply
52 therewith within the period specified, (i) the Authority or any person authorized by the
53 Authority may, at the expiration of such period, do the work required in the notice and
54 may recover the expenses incurred in doing so from the owner, or occupant; or (ii) the
55 Authority may direct the service licensee in that sewerage services area to manage and
56 operate the private sewerage system, septic tank, individual internal sewerage piping,
57 common internal sewerage piping or private connection pipe, as the case may be, for such

1 period, as the Authority may decide, and to charge the owner, or occupant for services
2 rendered by that service licensee; and

3
4 (d) For the purposes of Subsection (c)(ii), the owner and occupant of the premises shall
5 grant the service licensee access to the private sewerage system, septic tank, individual
6 internal sewerage piping, common internal sewerage piping or private connection pipe, as
7 the case may be, for the purposes of operating and maintaining the private sewerage
8 system, septic tank, individual internal sewerage piping, common internal sewerage
9 piping or private connection pipe, as the case may be.

10
11 **Section 63. *Duty to Operate and Maintain Private Sewerage System*** - (a) The owner or
12 occupant of any premises having a private sewerage system or septic tank shall: (i) grant
13 the service licensee or permit holder adequate access to the septic tank for the purpose of
14 enabling the septic tank to be serviced and desludged; (ii) cause the private sewerage
15 system, septic tank, the private connection pipe, individual internal sewerage piping,
16 common internal sewerage piping and all accessories thereto to be so maintained and
17 kept so as not to be a nuisance or so that it may not be harmful to health; (iii) cause the
18 septic tank to be desludged and, in the case of a private sewerage system, to be serviced
19 or maintained by a service licensee or permit holder at such intervals and in such manner
20 as may be prescribed; and (iv) grant the service licensee or permit holder adequate access
21 to the private sewerage system for the purposes of enabling the private sewerage system
22 to be inspected, serviced or maintained. (b) The owner or occupant of any premises, as
23 the case may be, shall be solely responsible for the maintenance, refurbishment or
24 replacement of the individual internal sewerage piping or the common internal sewerage
25 piping.

26
27 **Section 64. *Contract for Provision of Sewerage Services***. – The owner or occupant of any
28 premises to whom sewerage services is provided shall be deemed, upon the provision of
29 sewerage services to that premises, to have contracted with the service licensee providing
30 sewerage services for the provision of sewerage services.

31
32
33 **CHAPTER VIII**
34 **DEVELOPMENT OF EFFICIENT, ECOLOGICAL AND SUSTAINABLE**
35 **TECHNOLOGIES AND ENVIRONMENTAL PROTECTION**
36

37 **Section 65. *Incentives for Integration of Wastewater Treatment/Collection Facilities in***
38 ***Water Supply and Sewerage Systems***. – An incentive scheme is hereby provided for the
39 purpose of encouraging WSPs to integrate wastewater treatment/collection and treatment
40 facilities in their water supply and sewerage systems.

41
42 **Section 66. *Tax and Duty Exemption of Donations, Legacies and Gifts***. - All legacies,
43 gifts and donations to providers of water supply and sanitation services for the support
44 and maintenance of the program for effective water quality management shall be exempt
45 from donor's tax and shall be deductible from the gross income of the donor for income
46 tax purposes.

47
48 Imported articles donated to, or for the account of any provider of water supply and
49 sanitation services specifically for the exclusive use of the provider in its water quality
50 management programs shall be exempted from the payment of customs duties and
51 applicable internal revenue taxes.

52
53 Wastewater treatment and/or installation of water pollution control devices shall be
54 classified as pioneer and preferred areas of investment under the Board of Investment's
55 annual priority plan and shall enjoy the applicable fiscal and non-fiscal incentives, as may
56 be provided for under the Omnibus Investment Code, as amended.

1 **Section 67. *Financial Assistance Program.*** - Government financial institutions such as
2 the Development Bank of the Philippines, Land Bank of the Philippines, Government
3 Service Insurance System, and such other government institutions providing financial
4 services shall, in accordance with and to the extent allowed by the enabling provisions of
5 their respective charters or applicable laws, accord high priority to extend financial
6 services to providers of water supply and sanitation services engaged in sewage
7 collection and treatment facilities.

8
9 **Section 68. *Availability of Technologies Developed Under the Incentive Schemes of the***
10 ***Clean Water Act.*** - To the extent that they do not duplicate the incentives provided under
11 this Act, technologies, projects, processes and techniques in water quality management
12 developed under the incentive schemes of Republic Act No. 9275, or the Philippine
13 Clean Water Act of 2004, shall be made available to providers of water supply and
14 sanitation services that will integrate the said technologies, projects, processes and
15 techniques in their water supply and sewerage systems free of applicable taxes.

16
17 **Section 69. *Environmental Protection.*** - Participants in the provision of water supply and
18 sanitation services shall comply with all environmental laws, rules, regulations and
19 standards promulgated by the Department of Environment and Natural Resources
20 including, in appropriate cases, the establishment of an environmental guarantee fund.

21
22
23 **CHAPTER IX**
24 **FINES AND PENALTIES**
25

26 **Section 70. *Prohibited Acts.*** - The following acts shall be penalized by suspension or
27 revocation of the violator's license or other right to the use of water and/or a fine of not
28 exceeding one million Pesos (Php 1,000,000.00), in the discretion of the Authority:

- 29
30 (a) Non-compliance with reportorial rules and requirements;
31
32 (b) Refusal to submit reports and/or permit examination;
33
34 (c) Falsification or tampering of documents and/or official records to avail of the
35 fiscal and non-fiscal incentives provided under this Act;
36
37 (d) Non-compliance with the established guidelines and standards promulgated by
38 the Authority;
39
40 (e) Appropriation of subterranean or ground water for domestic use by an
41 overlying landowner without registration required by the Authority;
42
43 (f) Failure to comply with any of the terms or conditions in a water permit or a
44 water rights grant;
45
46 (g) Unauthorized use of water for a purpose other than that for which a license,
47 right or permit or concession was granted;
48
49 (h) Construction or repair of any hydraulic work or structure without duly
50 approved plans and specifications, when required;
51
52 (i) Failure to install a regulating and measuring device for the control of the
53 volume of water appropriated, when required;
54
55 (j) Unauthorized sale, lease, or transfer of water and/or water rights;
56

- 1 (k) Failure to provide adequate facilities to prevent or control diseases when
2 required by the Authority in the construction of any work for the storage,
3 diversion, distribution and utilization of water; and
4
5 (l) Violation of or non-compliance with any order, rule or regulation of the
6 Authority.
7

8 **Section 71. *Fines and Penalties.*** – Any violation of the mandatory provisions of this Act
9 shall be punishable by imprisonment of six (6) years and/or fine not exceeding One
10 Million Pesos (Php 1,000,000.00). In the case of juridical persons, the President, the
11 Chief Executive Officer and other responsible corporate officers shall be held liable for
12 any violation of this Act committed by the juridical person, through its employees, agents
13 and representatives.
14

15
16 **CHAPTER X**
17 **TRANSITORY AND FINAL PROVISIONS**
18

19 **Section 72. *Statutory Construction.*** - This Act shall, unless the context indicates
20 otherwise, be construed in favor of the establishment, promotion, preservation of
21 competition and people empowerment so that the widest participation of the people,
22 whether direct or indirect, is ensured.
23

24 **Section 73. *Implementing Rules and Regulations.*** - The Board shall, in consultation with
25 relevant public and private stakeholders within the water services industry, promulgate
26 the Implementing Rules and Regulations (IRR) of this Act within six (6) months from the
27 effectivity of this Act.
28

29 **Section 74. *Injunction and Restraining Order.*** - The implementation of the provisions of
30 this Act shall not be restrained or enjoined except by an order issued by the Supreme
31 Court of the Philippines.
32

33 **Section 75. *Separability Clause.*** - If for any reason, any provision of this Act is declared
34 unconstitutional or invalid, the other parts or provisions hereof which are not affected
35 thereby shall continue to be in full force and effect.
36

37 **Section 76. *Applicability and Repealing Clause.***– The applicable provisions of
38 Presidential Decree No. 1067, otherwise known as the “Water Code of the Philippines”,
39 Republic Act No. 8041, otherwise known as the “National Water Crisis Act of 1995”,
40 Act No. 4062, otherwise known as the “Water Power Act”, Republic Act No. 6234, as
41 amended, creating the MWSS, Presidential Decree No 198, as amended, creating the
42 LWUA, Republic Act No. 7160, otherwise known as the “Local Government Code”, and
43 Republic Act No. 10149 otherwise known as the “GOCC Governance Act of 2011” shall
44 continue to have full force and effect except in so far as inconsistent with this Act.
45

46 All laws, orders, rules and regulations, or portions thereof, inconsistent with this Act are
47 hereby repealed or modified accordingly.
48

49 **Section 77. *Effectivity Clause.*** - This Act shall take effect on the fifteenth day following
50 its publication in at least two (2) national papers of general circulation.
51

52
53 Approved,