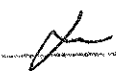


THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
THIRD REGULAR SESSION)

6 SEP 19 2016

SENATE
S. B. No. 2468

RECEIVED BY: 

Introduced by Senator Magsaysay, Jr.

EXPLANATORY NOTE

After 33 years since its creation as a government financing institution (GFI), the Local Water Utilities Administration urgently needs amendments to its Charter to positively respond to the need of providing potable water to every Filipino in the country.

The rapidly increasing population in fast urbanizing towns and cities outside Metro Manila requires the water agency to quickly act before these areas experience an acute shortage of water supply. This means urgent expansion and modernization projects in the areas covered by the already existing 612 water districts.

On the other hand, the close to a thousand municipalities with primitive or with no water systems, at all, would need the assistance of the Local Water Utilities Administration to establish or develop modern and sustainable water supply systems to save residents in these areas from the perennial threat of being victims of epidemic as a result of drinking contaminated water.


The water agency has to align itself with the Millennium Development Goal (MDG) of the government. Under this vision, LWUA's proposed investment program for the period 2005-2015 will amount to P97.6 Billion, of which an estimated 40% or P39 Billion represents the required peso counterpart to be sourced from the inadequate LWUA capitalization. In the absence of GAA funds, LWUA intends to source the peso requirement from other local funding sources. Hence, the need to immediately and drastically increase the agency's capitalization from P2.5 Billion to P50 Billion.

The incremental authorized stock of P47.5 Billion (the proposed P50 Billion less P2.5 billion already paid up) shall be applied to the P2.260 Billion NG subsidies previously appropriated and released to LWUA during the period 1993-2002 and the P30 Billion required Peso counterpart of the P97.6 Billion projected investment for the period 2005-2015 to meet the MDG targets.

While the agency remains committed to provide continuing financial and technical assistance to its clientele (the local water districts), specifically to the less credit-worthy water service providers, the lack of capitalization limits the agency's delivery of services unless remedial legislation is enacted. It is presently experiencing problems in sourcing its equity funding. Said equity funds are needed to build up and generate foreign funding support.

It is also proposed hereto that the name of LWUA be changed to **Philippine Water Utilities and Resources Development Authority (PWURDA)** to reflect its actual functions and operational activities.


In view of its urgent nature and to ensure that by the year 2015 the country's towns and cities shall have safe supply of potable drinking water, the passage of this proposal is earnestly sought.


RAMON B. MAGSAYSAY JR.

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
THIRD REGULAR SESSION)

6 SEP 19 75:26

SENATE
S. B. No. 2468

RECEIVED BY: 

Introduced by Senator Magsaysay, Jr.

AN ACT
FURTHER AMENDING PRESIDENTIAL DECREE NO. 198, OTHERWISE
KNOWN AS THE PROVINCIAL WATER UTILITIES ACT, AS AMENDED,
PROVIDING FUNDS THEREFORE AND FOR OTHER PURPOSES

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

SECTION 1. Section 49, Chapter II, Title III of Presidential Decree 198, as amended, is hereby amended to read as follows:

Section 49. Chapter - There is hereby chartered, created and formed a government corporation to be known as the **PHILIPPINE WATER UTILITIES AND RESOURCES DEVELOPMENT AUTHORITY** in place of the "Local Water Utilities Administrations" as provided for in its original charter and which is hereby attached to the Office of the President. The provisions of this revised Title shall be and constitute the charter of the **AUTHORITY**. (As amended by Section 21, PD 768).

SECTION 2: Section 39 of Presidential Decree 198, as amended, is hereby amended to read as follows:

Section 39. *Production Assessment* - In the event that the Board of a district finds, after notice and hearing, that production of groundwater by other entities within the district for commercial or industrial uses is injuring or reducing the district's financial condition, the Board may **REQUEST THE INTERVENTION BY THE [ADMINISTRATION] AUTHORITY WHICH THE LATTER SHALL ACT ON UPON EVALUATION AND ASSESSMENT OF THE SITUATION. THEREAFTER, THE [ADMINISTRATION] AUTHORITY MAY ADOPT AND LEVY A GROUND/SURFACE WATER** production assessment to compensate for such loss. In connection therewith, the (district) **AUTHORITY SHALL** require necessary reports FROM the operator of any commercial or industrial well. Failure to pay said assessment shall constitute

an invasion of the water of the district and shall entitle this district to an injunction and damages pursuant to Section 31 of this Title.

ASSESSMENT FEES AND LEVIES WHICH MAYBE IMPOSED BY THE *AUTHORITY* SHALL BE PAID TO AND COLLECTED BY THE DISTRICT; PROVIDED, THAT SEVENTY FIVE PER CENT (75%) OF SUCH COLLECTION SHALL BE RETAINED BY THE DISTRICT AS INCOME WHILE TWENTY FIVE PER CENT (25%) SHALL BE REMITTED TO THE *AUTHORITY* AS SERVICE, ASSESSMENT AND PRODUCTION FEE OF THE APPROVING *AGENCY*.

IN CASES OF TOWNS AND CITIES WHERE THERE ARE NO WATER DISTRICTS, THE *AUTHORITY* SHALL HAVE THE RIGHT TO DIRECTLY INTERVENE AND ENSURE PROPER MANAGEMENT, DEVELOPMENT AND CONTROL OF WATER RESOURCES IN SUCH AREAS BY IMPOSING GUIDELINES ON COMMERCIAL AND INDUSTRIAL USE AND THERETO IMPOSE PRODUCTION ASSESSMENT FEES. PROCEEDS OF SUCH PRODUCTION ASSESSMENT FEES SHALL BE DIVIDED EQUALLY BY THE *AUTHORITY* AND THE LOCAL GOVERNMENT UNIT (LGU).

DECISION OF THE *AUTHORITY* ON PRODUCTION ASSESSMENTS AND/OR WATER RATES SHALL BE APPEALED BEFORE THE NATIONAL WATER RESOURCES BOARD (NWRB) WHICH DECISION SHALL BE IMMEDIATELY EXECUTORY.

SECTION 3. Section 52 of PD 198, as amended, is hereby amended to read as follows:

Section 52. *Appointment and Term of Office* - [The Trustees, with the exception of the ex-officio member shall be appointed by the President of the Philippines. They shall have a term of five years each: Provided, That of the first four initially appointed, one shall serve a term of five years, another for four years, the third for three years, and the fourth for two years. Trustees may be removed for cause only.

The incumbent trustees holding office as such upon the effectivity of this amendment shall continue to hold such office until [the expiration of their original terms as defined in their appointments].

THE BOARD OF TRUSTEES OF THE *AUTHORITY* SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES. IT SHALL BE COMPOSED OF SEVEN (7) MEMBERS, INCLUDING THE ADMINISTRATOR WHO SHALL AUTOMATICALLY BE DESIGNATED AS EX-OFFICIO CHAIRMAN, COMING FROM THE DEPARTMENT OF FINANCE, THE DEPARTMENT OF ENERGY, TWO OTHER GOVERNMENT AGENCIES AND TWO (2) FROM THE PRIVATE SECTOR. THE TRUSTEES SHALL BE CO-TERMINOUS WITH THE APPOINTING AUTHORITY.

SECTION 4. A new paragraph under Section 58 of PD 198, as amended, is hereby introduced to read as follows:

Section 58. *The Administrator and Other Employees.* - The Administrator shall receive compensation in an amount as may be fixed by the Board, subject to the approval of the President of the Philippines, but in no case less than fifty-four thousand pesos per annum. The Administrator shall employ and appoint all additional personnel: *Provided*, That the appointment of personnel in the supervisory level shall be subject to confirmation by the Board.

SECTION 5. Section 67 of Presidential Decree 198, as amended, is also amended to read as follows:

Section 67. *Capital Stock* - The authorized capital stock of the (Local Water Utilities Administration) **Philippine Water Utilities and Resources Development Authority** is **FIFTY BILLION pesos (P50,000,000,000.00)** divided into **TWO Hundred Fifty Million** shares to stock with a par value of **TWO Hundred Pesos** per share which shall be subscribed by the National Government Financial Institutions and opened to subscription by private investors or government financial institutions (,); **PROVIDED, HOWEVER, THAT GOVERNMENT FINANCIAL INSTITUTIONS MAY INVEST NOT LESS THAN ONE PER CENT (1%) BUT NOT MORE THAN FIVE PER CENT (5%) OF THEIR NET INCOME FOR STOCK SUBSCRIPTION AS PROVIDED FOR UNDER THIS ACT.**

SECTION 6. Section 72 of Presidential Decree No. 198 shall hereby amended to read as follows:

Section 72. - Domestic Borrowing Authority - The (Administration) **AUTHORITY** shall have the (authority) **POWER** to borrow money from all domestic loan sources whether government or private: Provided, that its loans outstanding from domestic sources at any one time shall not exceed (one) **FIFTY** billion pesos, **AND IN THE CASE OF FOREIGN LOANS, THE CEILING SHALL BE TWO BILLION (US) DOLLARS (US\$2,000,000,000.00): PROVIDED, HOWEVER, THAT THE AUTHORITY MAY ONLY PROCEED OR AVAIL OF FOREIGN LOANS WITH PRIOR CLEARANCE AND APPROVAL OF THE DEPARTMENT OF FINANCE: PROVIDED, FURTHERMORE, THAT THE AUTHORITY MAY CONVERT ITS AUTHORIZED FOREIGN DEBT INTO PESO OR LOCAL LOANS WHENEVER IT DEEMS NECESSARY.**

SECTION 7. *Repealing Clause* - All or any provisions of the Provincial Water Utilities Act of 1973 which are contrary or inconsistent to any provisions hereof are hereby deemed repealed or modified accordingly.

SECTION 8. *Effectivity* - This Act shall take effect after fifteen (15) days following its publication in two (2) newspapers of general circulation.

APPROVED,