

**\*\*Title:\*\*** City of Batangas vs. Philippine Shell Petroleum Corporation: A Discourse on Local Autonomy, Police Power, and the Regulation of Natural Resources

**\*\*Facts:\*\***

The case originated from the enactment of Ordinance No. 3, Series of 2001 by the Sangguniang Panlungsod of the City of Batangas, which mandated heavy industries operating along Batangas Bay to construct desalination plants for the use of seawater instead of underground freshwater. This ordinance was challenged in the Regional Trial Court (RTC) of Batangas City by Philippine Shell Petroleum Corporation (PSPC) and Shell Philippines Exploration, B.V. (SPEX), along with interventions from other companies, for being unconstitutional and beyond the powers vested in the local government unit (LGU). The RTC, after evaluating the evidence presented, declared the ordinance invalid for want of necessity, lack of prior public hearing, and violation of due process, specifically concerning the cease-and-desist powers granted to the city mayor.

The decision of the RTC was appealed to the Court of Appeals (CA), which was split into two divisions dealing with separate appeals related to the same ordinance. The Tenth Division of the CA dealt with the appeal concerning PSPC and SPEX, culminating in a decision affirming the RTC's invalidation of the ordinance. This decision was premised on the grounds that the ordinance contravened national law, specifically The Water Code of the Philippines (Presidential Decree No. 1067), which vests exclusive authority over the regulation of water resources in the National Water Resources Board (NWRB), making the local ordinance ultra vires.

**\*\*Issues:\*\***

1. Whether the City of Batangas has the authority under its police powers delegated by the Local Government Code to enact an ordinance that regulates the use of underground freshwater by heavy industries within its jurisdiction.
2. Whether Ordinance No. 3, Series of 2001, is consistent with the national law, specifically The Water Code of the Philippines.
3. Whether the ordinance was passed in accordance with the procedural requirements for its validity, including public consultation and necessity.
4. Whether the imposition of a desalination plant requirement constitutes a valid exercise of the police power of the LGU.

**\*\*Court's Decision:\*\***

The Supreme Court DENIED the petition for review on certiorari, affirming the CA's

decision which found the ordinance invalid. It was held that the ordinance was ultra vires as it encroached upon the powers vested in the NWRB by The Water Code of the Philippines, thereby countering a national law and stepping outside the bounds of the local government's police powers as delegated by the Local Government Code. The Supreme Court underscored that while LGUs wield police powers, this authority must be exercised within the framework of national law and must not infringe upon rights and responsibilities vested by national statutes in other bodies, in this case, the regulation of water resources by the NWRB.

**\*\*Doctrine:\*\***

The decision reiterates the principle that local government units must exercise their police powers within the bounds set by national law. Even in the pursuit of the general welfare, an LGU's ordinance cannot contravene existing statutes, specifically when such statutes vest exclusive authority over a certain aspect of governance (in this case, water resource management) in a national body or agency.

**\*\*Class Notes:\*\***

- **\*\*Ultra Vires Acts:\*\*** Acts performed beyond the scope of the authority vested in a person or government agency.
- **\*\*Delegated Police Powers:\*\*** Local government units possess delegated police powers for the promotion of public welfare, but such powers are subordinate to national law.
- **\*\*Procedural Requirements for Ordinances:\*\*** Validity requires adherence to procedural steps prescribed by law, including public hearing and necessity demonstration.
- **\*\*Water Resource Regulation:\*\*** Under The Water Code of the Philippines, the management and regulation of water resources are exclusively vested in the National Water Resources Board.

**\*\*Historical Background:\*\***

This case highlights the ongoing tension between local autonomy and the supremacy of national law in the Philippines. While the 1987 Constitution and the Local Government Code of 1991 significantly empowered LGUs, including the exercise of police powers, this case underscores the limits of such autonomy when local initiatives encroach upon areas of governance reserved to national agencies or contradict existing statutes.