

Title: Maynilad Water Services, Inc. et al. vs. The Secretary of the Department of Environment and Natural Resources et al.

Facts:

- Initial Complaints:** On April 2, 2009, the Environmental Management Bureau Region III (EMB-RIII) filed a complaint against MWSS, Maynilad, and Manila Water before the Pollution Adjudication Board (PAB), alleging non-compliance with wastewater treatment standards under the Clean Water Act (Republic Act No. 9275). Soon after, EMB's National Capital Region and Region IV-A offices followed suit with similar complaints regarding inadequate Wastewater Treatment Facilities (WWTFs) and failure to connect sewage lines leading to the degradation of water bodies and Manila Bay.
- Notices of Violation:** Prompted by these complaints, the Secretary of Environment and Natural Resources (SENR) issued Notices of Violation (NOVs), citing violations of Section 8 of the Clean Water Act due to the insufficient provision and maintenance of WWTFs.
- Technical Conferences and Responses:** A technical conference ensued where MWSS, Maynilad, and Manila Water defended their actions, asserting compliance under Section 8 through their Concession Agreements with MWSS, which set milestones for water, sewerage, and sanitation projects spread over 25 years. They highlighted the importance of a coordinated program with other agencies per Sections 7 and 8 of the Clean Water Act.
- Ruling of the SENR:** On October 7, 2009, the SENR ordered MWSS, Maynilad, and Manila Water to pay fines for violations of the Clean Water Act, amounting to PhP 29.4 million jointly and severally, plus PhP 200,000 daily until compliance. Reconsideration motions by MWSS and Manila Water were denied by the SENR on December 2, 2009, and subsequent motions by Maynilad were dismissed as untimely.
- Court of Appeals Decisions:** The Court of Appeals, in separate decisions (CA-G.R. SP Nos. 113374, 112023, 112041), upheld the SENR's orders, emphasizing the mandatory nature of the provisions under Section 8 and rejecting petitioners' arguments regarding procedure and the primacy of their Concession Agreements.

Issues:

- Procedural Due Process:**
 - Whether the SENR's orders complied with procedural requirements under Section 28 of

the Clean Water Act and Executive Order No. 192.

- Whether petitioners were deprived of procedural due process due to the imposition of fines without recommendation from PAB.

2. **Substantive Compliance with the Clean Water Act**:

- Whether petitioners violated Section 8 of the Clean Water Act.

- Whether the obligations of government agencies under Section 7 were a condition precedent to petitioners' compliance with Section 8.

- The effect of MWSS's Concession Agreements on the petitioners' obligations under the Clean Water Act.

- Whether the ruling in *MMDA v. Concerned Residents of Manila Bay* extended petitioners' compliance period until 2037.

Court's Decision:

1. **Procedural Issues**:

- The Supreme Court determined that the SENR had the authority to impose fines under Section 28 of the Clean Water Act, upon recommendation from the PAB. The nature of the process, including technical conferences and opportunity for petitioners to respond, satisfied procedural due process.

- Petitioners' procedural lapses, such as filing appeals directly to the Court of Appeals without exhausting administrative remedies through the Office of the President, rendered their appeals dismissible, and the SENR's orders attained finality.

2. **Substantive Compliance**:

- The Court held that Section 7 did not serve as a condition precedent to Section 8. The latter imposed an unconditional obligation on petitioners to connect sewage lines within five years from the Act's effectivity.

- The Agreements' provisions and compliance targets under the Concession Agreements were subordinate to statutory obligations. Petitioners could not contract away their statutory responsibilities, nor did the MMDA ruling supersede legislative mandate.

- The petitioners' non-compliance resulted in a severe detrimental impact on water quality and public health; thus, stringent enforcement of Section 8 was justified.

Doctrine:

- **Public Trust Doctrine**: The Court underscored that water resources are held in trust by the state for the benefit of the public and must be protected and preserved, aligning with

the Clean Water Act's mandates.

- **Obligatory Compliance**: The obligation to connect sewage lines within the specified period of five years from the Act's effectivity is absolute and unconditioned by other statutory or contractual stipulations.

Class Notes:

1. **Components of the Clean Water Act**: Understand the distinct obligations of different sections - Section 7 (coordinated national program for sewerage and septage management) and Section 8 (mandatory sewage line connection by utility providers).
2. **Procedural Due Process**: Knowledge of how administrative orders interplay with procedural due process.
3. **Contract vs. Statutory Law**: Contracts cannot override statutory mandates, particularly those concerning public welfare.
4. **Judicial Interpretation**: Courts enforcing legislative enactments strictly without assuming legislative roles.

Historical Background:

- **Context of Environmental Regulation**: Highlighting the deteriorating state of Philippine water resources prompting the legislative enactment of the Clean Water Act.
- **Judicial Precedence**: The enforcement of robust environmental protection laws aligns with evolving global standards on public health and environmental sustainability.

This case underscores the rigor of statutory compliance in safeguarding public resources and the environment against administrative and private sector neglect.