

FURTHER AMENDING REPUBLIC ACT 6234, ENTITLED "AN ACT CREATING THE METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM AND FOR OTHER PURPOSES," AS AMENDED.

PRESIDENTIAL DECREE NO. 1406, June 07, 1978

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WHEREAS, under Presidential Decree No. 1269, the territorial jurisdiction of the Metropolitan Waterworks and Sewerage System has been extended to Lungsod Silangan, Muntinlupa, and other areas that may come within the development path of the expanding Metropolitan Manila;

WHEREAS, the continuous growth in terms of population, economic activity, and geographical extent of Metropolitan Manila demands a massive program for the expansion and improvement of its public water supply and sewerage services;

WHEREAS, there is a consequent need for the Metropolitan Waterworks and Sewerage System to enhance its focus on the premier metropolis of the country and to expand its financial base;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby amend certain sections of the Revised Charter of the Metropolitan Waterworks and Sewerage Authority under Republic Act No. 6234, as amended by Presidential Decrees No. 425 and 1269, and do hereby decree as part of the law of the land the following:

SECTION 1. Section 2, paragraphs (c) and (d) of R.A. No. 6234 as amended, are hereby amended to read as follows:

"(c) The System shall own and/or have jurisdiction, supervision and control over all waterworks and sewerage systems in the territory comprising the cities of Manila, Pasay, Quezon, Cavite and Caloocan, the municipalities of Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Navotas, Parañaque, Pasig, Pateros, San Juan, Taguig, Valenzuela, all of Metropolitan Manila, the municipalities of Antipolo, San Mateo, Taytay, Cainta, Montalban, all of Rizal Province, and the municipalities of Bacoar, Imus, Kawit, Noveleta, Rosario, all of Cavite Province. The System shall also own and/or have jurisdiction, supervision and control all waterworks and sewerage systems in Lungsod Silangan, Muntinlupa and, subject to the approval of the President, other areas that may come within the development path of the expanding Metropolitan Manila Area, which areas the Board of Metropolitan Waterworks and Sewerage System may, from time to time, determine and declare as contiguous to its service area and requiring immediate attention by the System, under such terms and conditions as may be agreed upon by the parties concerned. All other waterworks and sewerage systems now under the supervision and control of the Metropolitan Waterworks and Sewerage System (MWSS), are hereby returned, ceded, transferred and turned over to the provinces, cities and municipalities for their supervision, control and administration, until such time that they qualify within the program of development under the local Water Utilities Administration (LWUA). The transfer and turn-over to the local governments concerned shall be completed within the period of ninety (90) days from the promulgation of this decree.

(d) Any provision of law to the contrary notwithstanding, all existing waterworks systems or any system that may hereafter be established by provinces, cities and municipalities shall have priority in the use and supervision over all sources of water supply for domestic purposes in their respective jurisdictions, and any

water right now being enjoyed by the Metropolitan Waterworks and Sewerage System (MWSS) in such provinces, cities and municipalities shall likewise be turned over to the said provinces, cities and municipalities concerned."

SEC. 2. Section 2-A of the same law is hereby amended to read as follows:

"SEC. 2-A. Capital Stock of the System.—The System is hereby authorized a capital stock of Three Billion Pesos (P3,000,000,000) divided into thirty million shares at a par value of One Hundred Pesos (P100.00) each, which shares shall not be transferred, negotiated, pledged, mortgaged or otherwise given as security for the payment of any obligation. The sum of Four Hundred ninety-One Million, Six Hundred Twelve Thousand, Six Hundred Sixty Seven Pesos and Ten Centavos (P491,612,667.10) which as of June 30, 1977 has already been subscribed and fully paid for by the Government of the Republic of the Philippines in accordance with the provision of Presidential Decree No. 425, shall be the initial paid-in capital of the authorized capital stock provided herein.

The remaining Two Billion Five Hundred Eight Million, Three Hundred Eighty-Seven Thousand, Three Hundred Thirty-Two Pesos and Ninety Centavos (P2,508,387,332.90) shall be subscribed by the Government of the Republic of the Philippines and paid as follows:

- The sum of Fifty Million, Eight Hundred Twenty-Four Thousand Pesos (P50,824,000.00) representing the remaining unpaid amount of the System to the National Treasury for advances for the payment of amortization and interest on the System's loan to the World Bank, shall be additional paid-in subscription of the Government of the Republic of the Philippines for five hundred eight thousand, two hundred forty shares of stock of said capital stock.

- Whatever balance remaining of said subscription shall be paid from a continuing appropriation which is hereby made out of any funds in the National Treasury not otherwise appropriated be they collections from any or all taxes accruing to the General Fund or proceeds from loans, the issuance of bonds, treasury bills or notes which are hereby authorized to be incurred or to be issued by the Secretary of Finance for the purpose, such annual appropriation to be programmed and released in accordance with pertinent budget laws: Provided, That, this continuing appropriation shall remain in force until the balance of the unpaid subscription of the government to the capital stock of the System have been paid in full."

SEC. 3. Section 9 (a), paragraph 6 of the same law is hereby amended to read as follows:

"The total principal indebtedness of the System under this subsection, exclusive of interest, shall not exceed Three Billion Pesos (P3,000,000,000.00), at any given time."

SEC. 4. Section 9-A of the same law is hereby amended to read as follows:

"SEC. 9-A. Construction.—Repair, Works, Contracts for Services and Furnishing of Supplies, Materials and Equipment Awarded Upon Public Bidding, Exceptions.—All works of construction or repair of the System as well as contracts for services and furnishing of supplies, materials and equipment shall be awarded by the General Manager in accordance with the ceilings and rules imposed by the Board, to the responsible bidder who made the lowest and meet advantageous bid: Provided, however, That these do not conflict with existing executive orders and/or presidential issuances on awards of government contracts; Provided, further, That, any repaid, construction or other works of an emergency nature may be authorized by the Board to be undertaken by administration or by contract, and; Provided, finally, That, any single work of construction or a repair involving as estimated total cost of Five Hundred Thousand Pesos (P500,000.00), may, at the option of the General Manager, be authorized by him to be undertaken by administration or by contract after a canvass of the market to determine the lowest and most advantageous bid."

SEC. 5. Section 9 (b), first paragraph of the same law is hereby amended to read as follows:

"(b) Foreign Loans.—The System is hereby authorized contract loans and credit, in any convertible foreign currency or capital goods and to incur indebtedness from time to time from foreign governments, or any international financial institutions or fund sources or to issue bonds, the total outstanding amount of which, exclusive of interest, shall not exceed Six Hundred Million United States Dollars (US\$600M) or the equivalent thereof in other currencies at any given time on such terms as it shall deem appropriate for the accomplishment of its purposes and to enter into and execute agreements and documents specifying such terms and conditions."

SEC. 6. Section 16 of the same law is hereby repealed and replaced by a new provision which shall read as follows:

"SEC. 16. Gratuity.—Any personnel of the waterworks systems transferred or turned over to the provinces, cities and municipalities are hereby transferred to and absorbed by the said provinces, cities and municipalities concerned but any personnel of district offices who are presently in-charge of these systems who cannot be absorbed by the local governments concerned and there who refuse appointment therein shall be paid the money value of the accumulated vacation and sick leaves and such retirement gratuities as may be due them under existing retirement laws. Any of the said personnel who does qualify under any existing retirement law shall be paid one (1) month salary for every year of service payable in lump sum. For this purpose, there is hereby appropriated out of any fund in the National Treasury not otherwise appropriated the sum of Three Million Pesos (P3,000,000.00) to provide for their separation gratuities, accumulated vacation and sick leaves and/or retirement, when and if, payable and due them. Other personnel under the central organization of the System whose salaries are presently being charged against national government appropriations are to be transferred to and absorbed by the System."

SEC. 7. Section 17 is hereby repealed and replaced by a new provision which shall read as follows:

"SEC. 17. Transfer of Local Systems.—The return, cession, transfer and turnover to the local governments concerned of the Local Waterworks and Sewerage Systems under Section 1 of this Decree shall include all personnel of the systems, including those of the district offices who may be absorbed by the local governments concerned, records, properties, equipment, assets, choses in action, obligations and liabilities, including all obligations to their employees, excepting, however, obligations accruing to and due the national government and other government agencies, instrumentalities and corporations, are hereby ceded, transferred and conveyed to their respective provinces, cities and municipalities; Provided, That for the payment of obligations accruing to the national government and other government agencies, instrumentalities and corporations, there is hereby appropriated out of any funds in the National Treasury not otherwise appropriated the sum of Thirty-Three Million, Five Hundred Thousand Pesos (P33,500,000.00); Provided, further, That in case of disagreement between the MWSS and the local governments concerned on the liabilities and obligations being transferred by the System to the local governments, the same shall be passed upon and decided by an arbitration committee to be composed of a representative of the local government and a representative of the System, and a third member from the Commission on Audit who shall act as Chairman. The decision of such committee shall be final.

"All waterworks systems shall be ceded, transferred and conveyed to the provinces, cities and municipalities which they serve; Provided, however, That, where the system serves two or more municipalities, the same shall be ceded, transferred and conveyed to the provincial government; Provided, further, That, where the system serves a city or a city and municipalities, the system shall be transferred, ceded and conveyed to the city."

SEC. 8. All provisions of existing laws, decrees, executive and administrative orders or parts thereof in conflict with this Decree are hereby modified and/or repealed accordingly.

SEC. 9. This Decree shall take effect immediately.

Done in the City of Manila, this 7th day of June, in the year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JUAN C. TUVERA
Presidential Assistant

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