

Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 168

Introduced by: HON. ERIC OWEN SINGSON, JR.

Explanatory Note

For more than 30 years now, the Local Water Utilities Administration (LWUA) has been mandated by law to establish, finance and administer as well as promote and develop potable water systems nationwide. Since 1973, LWUA has been working in close cooperation with local government units in creating water districts to provide provincial residents access to safe, dependable, sufficient and affordable water supply for their daily needs.

As a result of this, almost 600 water districts have been formed covering 740 cities and town throughout the country as of yearend. Potable water supply is being directly served to some 13.8 million Filipinos thereby bringing health, economic and other benefits to these communities. However, some 50% or 760 towns and cities all over the Philippines are still not yet serviced by water districts.

Under its charter, LWUA's authorized capital stock is P2.5 Billion and, as early as 1990, this has already been fully subscribed and paid up by the National Government. Since then and until year 2000, LWUA has been largely dependent on releases from the National Government as provided under General Appropriations Act which may be treated as equity contribution of the National Government in the event that LWUA's authorized capitalization is increased by law.

This bill, therefore, seeks to increase the authorized capitalization of LWUA from P2.5 Billion to P25 Billion to enable it to pursue its mandate under present times.

Moreover, this Bill also seeks to increase LWUA's local and foreign borrowing authority originally set in 1973 amounting to only P1.0 Billion and US\$500 Million respectively, to P10 Billion and US\$700 Million to ensure the timely availability and arrival of capital funds. The proposed increase in LWUA's borrowing authority for both domestic and foreign sources will enable the agency to achieve its commitment to provide the waterless communities access to potable water by 100% in year 2015.

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


ERIC OWEN G. SINGSON, JR.

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Introduced by Honorable Eric Owen G. Singson, Jr.

**AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 198, AS
AMENDED, OTHERWISE KNOWN AS "THE PROVINCIAL
WATER UTILITIES ACT OF 1973"**

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

SECTION 1. Section 67 of Presidential Decree. No. 198, as amended, is hereby further amended to read as follows:

"SEC. 67. *Capital Stock.* – The authorized capital of the Local Water Utilities Administration is [Two] **TWENTY-FIVE** Billion[, Five Hundred Million] Pesos (**P25,000,000,000.00**) divided into [Twelve] **SIXTY-TWO** Million Five Hundred Thousand (**62,500,000**) shares of stockS with a par value of **FOUR** [Two] Hundred Pesos (**P400.00**) per share which shall be subscribed by the National Government **AND GOVERNMENT FINANCIAL INSTITUTIONS** and opened to subscription by private investors [or government financial institutions.] **SUBJECT TO THE APPROVAL BY THE DEPARTMENT OF FINANCE: PROVIDED, THAT ALL SUBSIDIES PREVIOUSLY PROVIDED BY THE NATIONAL GOVERNMENT TO LWUA AFTER THE FULL SUBSCRIPTION OF THE NATIONAL GOVERNMENT OF THE ORIGINAL CAPITAL STOCK OF TWO BILLION FIVE HUNDRED MILLION PESOS (P2,500,000,000.00), WHICH WERE USED AS LOANS OUTLAY TO WATER DISTRICTS SHALL BE CREDITED AS PART OF THE NATIONAL GOVERNMENT PAYMENT FOR SUBSCRIPTION TO THE ADDITIONAL CAPITAL STOCK OF THE ADMINISTRATION: PROVIDED, FURTHER, THAT PRIVATE SECTOR INVESTMENTS SHOULD NOT BE MORE THAN FORTY PERCENT (40%) OF THE TOTAL SUBSCRIBED CAPITAL STOCK.**"

SECTION 2. Section 72 of Presidential Decree No. 198, as amended, is hereby further amended to read as follows:

"SEC. 72. *Domestic AND FOREIGN Borrowing Authority* – The Administration shall have the authority to borrow money from all domestic **AND FOREIGN** loan sources whether government or private: *Provided*, That its loans outstanding **BOTH** from domestic **AND FOREIGN** sources [at any one time] shall not exceed [One Billion Pesos] **AN AGGREGATE CEILING OF NINE HUNDRED MILLION U.S. DOLLARS (US \$900,000,000): PROVIDED, THAT ALL DOMESTIC AND FOREIGN BORROWINGS OF LWUA SHALL BE APPROVED BY THE DEPARTMENT OF FINANCE (DOF), BANGKO SENTRAL NG PILIPINAS (BSP) AND OTHER ENTITIES AS REQUIRED BY PERTINENT LAWS AND REGULATIONS.**"

SECTION 3. Paragraph 1 of Section 73 of Presidential Decree. No. 198, as amended, is hereby further amended to read as follows:

"SEC. 73. *Authority to Contract Foreign Loan.* – The Administration is hereby authorized to contract loans, credits, in any convertible foreign currency or capital goods, and to incur indebtedness from time to time with foreign governments, or any international financial institutions or fund sources, including supplier's credits or deferred payment arrangements, the total outstanding amount of which, excluding interests, shall not exceed [five hundred million US\$] **ITS AGGREGATE DOMESTIC AND FOREIGN BORROWING AUTHORITY OF NINE HUNDRED MILLION US DOLLARS (US\$900,000,000)** or the equivalent thereof in other currencies, on terms and conditions promulgated by the Secretary of Finance and the Monetary Board for the accomplishment of its objectives; and to enter into and execute contracts and other documents specifying such terms and conditions. The President of the Philippines, [by himself,] or [through] his **OR HER** duly authorized representative, is hereby authorized to negotiate and contract with foreign governments or any international financial institution or fund sources in the name and on behalf of the administration, one or several loans, for the purpose of implementing the Administration's program for the promotion and development of local water utilities through the Administration's financing or lending operations. "The President of the Philippines, [by himself] or [through] his **OR HER** duly authorized representative, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as mere surety, in the name and on behalf of the Republic of the Philippines, the payments of the loans, credits and indebtedness up to the amount herein authorized, over and above the amounts which the President of the Philippines pursuant to loan agreements entered into with foreign governments or any international financing institution or fund sources. "The loan credits and indebtedness contracted under this section shall be in accord with the provisions of [the] **REPUBLIC ACT NO. 4860, OR THE Foreign Borrowing Act as amended[.]** (As amended by Sec. 36, PD 768); **THE PROVISIONS OF SECTION 123 OF REPUBLIC ACT NO. 7653, OTHERWISE KNOWN AS THE NEW CENTRAL BANK ACT; THE PROVISIONS OF SECTION 23 OF CENTRAL BANK CIRCULAR NO. 1389, AS AMENDED; SECTION 20, ARTICLE VII AND SECTION 21, ARTICLE XII OF THE 1987 CONSTITUTION AND OTHER PERTINENT LAWS AND REGULATIONS."**

SECTION 4. *Repealing Clause.* – All or any provisions of the Provincial Water Utilities Act of 1973 which are contrary or inconsistent with any provision hereof are hereby deemed repealed or modified accordingly.

SECTION 5. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in two (2) newspapers of general circulation.

Approved,