

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

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 3910

Introduced by: **HON. LORETO LEO S. OCAMPOS**

EXPLANATORY NOTE

Monopolies are generally perceived as repugnant. In a monopolistic market structure, there is only one producer or seller for a product, who can suppress the quantity and quality of goods and demand higher prices. Market entry is restricted due to high costs or other impediments, which may be economic, social or political.

On the other hand, perfect competition describes markets such that no participants are large enough to have the market power to set the price of a homogeneous product.

Water is a very essential resource for the survival of mankind. Providing clean and potable water for all is still a major concern in the Philippines.

The attainment of complete coverage of water supply services for the whole country is a declared policy of the State. The State endeavors to make clean water accessible to all members of the society.

This bill seeks to prohibit the monopoly and control of water utility distribution of small level 2 & 3 water operators. It seeks to promote a perfect competition in water distribution in order to make water affordable and obtainable.

The immediate passage of this bill is earnestly sought.


LORETO LEO S. OCAMPOS
Representative
2nd District, Misamis Occidental

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**AN ACT PROHIBITING THE MONOPOLY AND CONTROL OF WATER UTILITY
DISTRIBUTION OF SMALL LEVEL 2 & 3 WATER OPERATORS**

Section 1. Title. This Act shall be known as "An Act Prohibiting the Monopoly and Control of Small Level 2 & 3 Water Distribution.

Section 2. Declaration of Policy. It shall be the policy of the State to encourage the participation of small level 2 & 3 water operators in water distribution thereby making water accessible to all households. The State recognizes the vital role that small level 2 & 3 water operators/distributors play in meeting the water and sanitation needs of the people.

Section 3. Definition of Terms.

- a. Monopoly - the holdings of persons, natural or juridical, including directors, officers, stockholders and related interests, in a distribution utility and their respective holding companies (25%) percent of the voting shares of stock.

Section 4. Prohibition. It shall be unlawful for any person, natural or juridical to own more than twenty-five percent (25%) of the voting shares of stock in any level 2 or 3 water distribution.

Section 5. Penalty. Any person found violating or attempting to violate the provisions of this act shall be guilty of a felony. He shall be punished by imprisonment of not less than one (1) year but not more than six (6) years or a fine of not less than Fifty thousand pesos (P50,000.00) but not more than Five hundred thousand pesos (P500,000.00) or both at the discretion of the court.

Section 6. Implementing Agency. The Local Water Utilities Administration shall be the implementing agency for this act. The above agency shall formulate the implementing rules and regulations for this Act.

SECTION 9. Separability Clause. - If any provision or part thereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SECTION 10. Repealing Clause. - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

SECTION 11. Effectivity Clause. -This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,