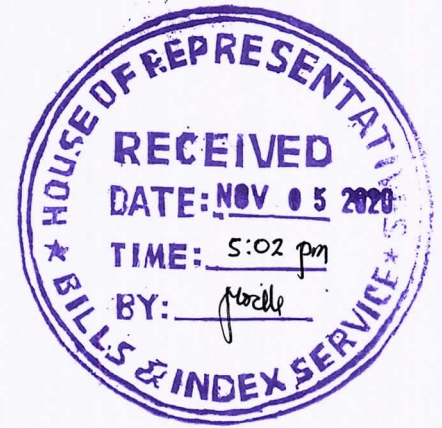


1 Republic of the Philippines
2 HOUSE OF REPRESENTATIVES
3 Quezon City

4
5 EIGHTEENTH CONGRESS
6 Second Regular Session

7
8 HOUSE BILL No. 7962
9



10 *Introduced by*

11 **BAYAN MUNA Representatives FERDINAND R. GAITE,**
12 **CARLOS ISAGANI T. ZARATE and EUFEMIA C. CULLAMAT,**
13 **ACT TEACHERS Party-List Representative FRANCE L. CASTRO,**
14 **GABRIELA Women's Party Representative ARLENE D. BROSAS**
15 **and KABATAAN Party-List Representative SARAH JANE I. ELAGO**

16
17 **AN ACT**
18 **REVERTING CONTROL AND OWNERSHIP OF LOCAL WATER DISTRICTS TO**
19 **LOCAL GOVERNMENT UNITS AND PROHIBITING THE PRIVATIZATION OF**
20 **PUBLIC WATER SYSTEMS, WATER TREATMENT AND DISTRIBUTION**
21 **FACILITIES AND RELATED SERVICES, AND PROVIDING PENALTIES FOR**
22 **VIOLATIONS THEREOF**

23
24 **EXPLANATORY NOTE**
25

26 In August 1997 the first large-scale water privatization scheme in Asia transpired when the
27 Philippine government privatized the Metropolitan Waterworks and Sewerage System
28 (MWSS). The MWSS was originally established with the mandate to “ensure an uninterrupted
29 and adequate supply and distribution of potable water for domestic and other purposes at just
30 and equitable rates” as stipulated in R.A. 6234 which created the MWSS. However, through
31 the passage of RA 8041 or the “Water Crisis Act” of 1997, the MWSS was privatized through
32 a 25-year concession agreement effectively transferring operational responsibilities to two
33 private concessionaires Manila Water Company, Inc. and Maynilad Water Services, Inc.

34 Two decades later, however, the MWSS privatization have only burdened consumers with
35 higher water rates. From Php2.00-Php4.00 in 1997, basic tariff rates increased to Php34.00-
36 Php47.00 in 2018. This is equivalent to 970% increase for consumers served by Manila Water
37 and 596% increase for those within Maynilad Water Services’ jurisdiction. Consumers were
38 also made to shoulder various charges including a 12% value added tax (VAT), 20%
39 environmental charge, and foreign currency exchange adjustment (FCDA). No wonder the two
40 concessionaires reported a whopping combined accumulated income of Php13.8 billion for
41 2018¹.

42 Further, the same problems of inadequate, unreliable coverage as well as chronic service
43 interruptions remain especially in urban poor areas. Meanwhile, the role of the government
44 continues to diminish as worker’s welfare and employment issues spark further conflict.

45 Unmindful of the onerous deals made under the MWSS privatization scheme, the government
46 has even vigorously pushed for the privatization of local water districts. Private companies like

¹ <https://www.mpic.com.ph/wp-content/uploads/2019/06/2018-Financial-Statements-8.pdf> &
<https://www.manilawater.com/corporate/agos/2019-02-26/manila-water-posts-p6-5-billion-net-income-in-2018>

1 Metro Pacific, Manila Water, and Prime Water have taken control of local water supply
2 systems. Out of 500+ local water districts previously run as a government-owned or –controlled
3 corporation (GOCC), more than 70 have been privatized in the last few years. Prime Water
4 alone controls at least 30 local water districts nationwide.

5 As such, there is a need for Congress to review the continuing privatization of water service –
6 a vital resource and basic need of the Filipino people – considering the negative impact on the
7 rights of the people to safe, affordable and accessible water.

8 It is therefore time to rethink the privatization policy of the country’s public water systems and
9 give back to the public sector the ownership and control of these vital public services,
10 particularly the provision of water supply to citizens.

11 Hence, support for this bill is earnestly sought.

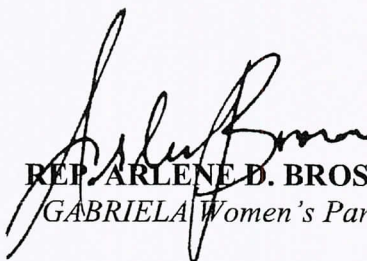
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13 *Approved,*


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19 **REP. FERDINAND R. GAITE**
20 *Bayan Muna Partylist*

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24 
25 **REP. CARLOS ISAGANI T. ZARATE**
26 *Bayan Muna Partylist*

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28 **REP. EUFEMIA C. CULLAMAT**
29 *Bayan Muna Partylist*

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33 
34 **REP. FRANCE L. CASTRO**
35 *ACT Teachers Partylist*

36 
37 **REP. ARLENE D. BROSAS**
38 *GABRIELA Women’s Party*

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41
42 
43 **REP. SARAH JANE I. ELAGO**
44 *Kapataas Partylist*
45

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2 **HOUSE OF REPRESENTATIVES**
3 Quezon City

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16
17 **AN ACT**

18 **REVERTING CONTROL AND OWNERSHIP OF LOCAL WATER DISTRICTS TO**
19 **LOCAL GOVERNMENT UNITS AND PROHIBITING THE PRIVATIZATION OF**
20 **PUBLIC WATER SYSTEMS, WATER TREATMENT AND DISTRIBUTION**
21 **FACILITIES AND RELATED SERVICES, AND PROVIDING PENALTIES FOR**
22 **VIOLATIONS THEREOF**
23

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

26
27 **SECTION 1. Title.** This act shall be known as the "Anti-Privatization of Public Water Systems
28 Act."
29

30 **SECTION 2. Declaration of Policy.** It shall be the policy of the State to provide safe potable
31 water and sustainable water treatment and distribution systems to the public. Further, the State
32 shall endeavor to make essential goods, including the right to water and other related services
33 available to all the people at an affordable cost.
34

35 Pursuant thereto, the government shall address the issues relevant to chronic interruptions in
36 water services including, but not limited to, supply, distribution, finance, privatization of state-
37 run water facilities, and the protection and conservation of watersheds, including the serious
38 matter of graft and corruption in all the agencies and private entities involved in the provision
39 of water services in the country.
40

41 **SECTION 3. Definition of terms.** For the purposes of this Act, the term:
42

- 43 a. **Privatization** refers to the transfer of public utilities or organizations from government
44 to complete or partial private ownership or control. These shall include outright sale,
45 public-private partnership, contracting out of equipment and services, joint venture
46 agreements, franchising, bulk water supply agreements, management control, non-
47 revenue water reduction agreements, leasing, user-charges and other analogous
48 agreements.
49
- 50 b. **Local Water Districts** refer to local corporate entities that operate and maintain water

1 supply system in one or more provincial cities or municipalities. It is established on a
2 local option basis and is classified as government-owned or -controlled corporations
3 (GOCCs).
4

5 c. **Public Water System** refers to the provision to the public of water for human
6 consumption through pipes or other constructed conveyances. The term includes any
7 collection, treatment, storage, and distribution facilities under control of the operator of
8 such system and used primarily in connection with such system, and any collection or
9 pretreatment storage facilities.

10
11 d. **Consumer** means a natural person who is a purchaser, recipient or prospective
12 purchaser of water supply from the public water system.
13

14 **SECTION 4. Reverting Control and Ownership of Local Water Districts to Local**
15 **Government Units.** All water supply systems and facilities devolved to local water districts
16 that have been privatized including those subject to joint venture agreements (JVAs) and/or
17 other similar forms of privatization schemes are hereby re-nationalized and/or returned to the
18 management, supervision and control of local government units (LGUs) pursuant to Sec. 17 of
19 R.A. 7160 or the Local Government Code.
20

21 **SECTION 5. Authority to use income.** Upon implementation of this Act, re-nationalized
22 water systems and local water districts are hereby authorized to use the income derived from
23 their operations to improve and upgrade the services they provide; Provided, That the
24 supporting financial and work plans are first approved by the local water district's Board of
25 Directors.
26

27 **SECTION 6. Prohibition of Privatization of Public Water Systems, Water Treatment and**
28 **Distribution Facilities, and Related Services.** No public water system, treatment and
29 distribution facility, and other related services shall be privatized. Likewise, under no
30 circumstance shall any unit of government, or any person, agency whether natural or juridical,
31 initiate, cause and approve the privatization of any public water system, treatment or
32 distribution facility, and other related services.
33

34 **SECTION 7. Liability and Accountability.** Any person, whether natural or juridical, who
35 initiates, causes or approves the privatization of any public water system, treatment or
36 distribution facility and other related services shall be considered in violation of this Act.
37

38 **SECTION 8. Penalties.** Any person who violates any provision of this Act shall be penalized
39 accordingly:
40

41 a. First Offense – A fine not less than one hundred thousand pesos (P100,000.00) but not
42 more than two hundred thousand pesos (P200,000) and suspension of one year to two
43 years from public office;
44

45 b. Second Offense – A fine of not less than two hundred thousand pesos (P200,000.00)
46 but not more than five hundred thousand pesos (P500,000.00) and temporary
47 disqualification from holding any public office of not less than three years but not more
48 than six years; and
49

50 c. Third Offense – A fine of not less than five hundred thousand pesos (P500,000.00) but

1 not more than eight hundred thousand pesos (P800,000.00) and removal from public
2 office and perpetual disqualification from holding any public position or office.
3

4 **SECTION 9. Implementing Rules and Regulations.** The National Water Resources Board
5 (NWRB) and the Local Water Utilities Administration (LWUA) shall promulgate the rules and
6 regulations necessary to implement the provisions of this Act within ninety days (90) from its
7 effectivity.
8

9 **SECTION 10. Separability Clause.** If any provisions of this Act is declared invalid or
10 unconstitutional, other provisions hereof which are not affected thereby shall continue to be in
11 full force and effect.
12

13 **SECTION 11. Repealing Clause.** All laws, orders, issuances, rules and regulations or part
14 thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified
15 accordingly.
16

17 **SECTION 12. Effectivity Clause.** This Act shall take effect within fifteen (15) days after its
18 publication in the Official Gazette or in at least two (2) newspapers of general circulation,
19 whichever comes earlier.
20

21
22 *Approved,*