

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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 6998

Introduced by Honorable Representatives
SARAH JANE I. ELAGO (Gabriela Women's Party)
RENEE LOUISE M. CO (Kabataan Partylist)
ANTONIO L. TINIO (ACT Teachers Partylist)

AN ACT REVERTING CONTROL AND OWNERSHIP OF LOCAL WATER DISTRICTS TO LOCAL GOVERNMENT UNITS AND PROHIBITING THE PRIVATIZATION OF PUBLIC WATER SYSTEMS, WATER TREATMENT AND DISTRIBUTION FACILITIES AND RELATED SERVICES, AND PROVIDING PENALTIES FOR VIOLATIONS THEREOF

EXPLANATORY NOTE

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

Two decades later, however, the MWSS privatization has only burdened consumers with higher water rates. From Php2.00 to Php4.00 in 1997, basic tariff rates increased to Php34.00 to Php47.00 in 2018. According to Water for the People Network, a network promoting people's control over water services and resources, by 2024, water rates had surged dramatically—by about 1,722% for Manila Water and 859% for Maynilad—making water increasingly unaffordable, especially for the urban poor. Marginalized communities now spend as much as 15% of their limited incomes on water. Consumers were also made to shoulder various charges, including a 12% value-added tax (VAT), a 20% environmental charge, and a foreign currency exchange adjustment (FCDA).

Furthermore, the same problems of inadequate and unreliable coverage, as well as chronic service interruptions, remain, especially in urban poor areas. Meanwhile, the role of the government continues to diminish as workers' welfare and employment issues spark further

conflict.

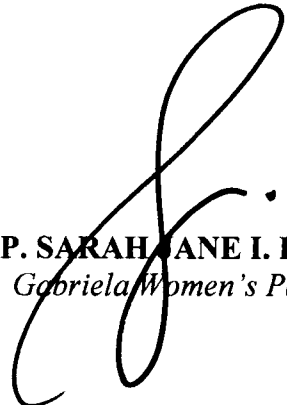
In 2022, former president Rodrigo Duterte signed a law granting another 25-year franchise for Maynilad and Manila Water despite the horrible water service experience of millions of Filipinos under the two private concessionaires. A renegotiated concession agreement was signed in May 2023, reintroducing the foreign currency differential adjustment (FCDA) scheme and further reducing the regulatory functions of the government.

Deaf to public lament over the onerous deals made under the MWSS privatization scheme, the government has even vigorously pushed for the privatization of local water districts. Private companies like Metro Pacific, Manila Water, and Prime Water have taken control of local water supply systems. Out of the more than 500 local water districts previously run as a government-owned or –controlled corporation (GOCC), over a hundred have been privatized in the last few years. Albeit under new ownership, Prime Water alone controls at least 77 local water districts nationwide as of 2024. Several consumers in various regions in the country have complained of PrimeWater’s terrible service, from low pressure to no water, regular water supply interruptions, to dirty water flowing out of their faucets.

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

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

Hence, support for this bill is earnestly sought.



REP. SARAH JANE I. ELAGO
Gabriela Women's Party



REP. RENE LOUISE M. CO
Kabataan Partylist



REP. ANTONIO L. TINIO
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DISTRICTS TO LOCAL GOVERNMENT UNITS AND PROHIBITING THE
PRIVATIZATION OF PUBLIC WATER SYSTEMS, WATER TREATMENT AND
DISTRIBUTION FACILITIES AND RELATED SERVICES, AND PROVIDING
PENALTIES FOR VIOLATIONS THEREOF**

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

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

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

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

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

- a. **Privatization** refers to the transfer of public utilities or organizations from government to complete or partial private ownership or control. These shall include outright sale, public-private partnership, contracting out of equipment and services, joint venture agreements, franchising, bulk water supply agreements, management control, non-revenue water reduction agreements, leasing, user-charges, and other analogous

agreements.

- b. **Local Water Districts** refer to local corporate entities that operate and maintain a water supply system in one or more provincial cities or municipalities. It is established on a local option basis and is classified as a government-owned or -controlled corporation (GOCCs).
- c. **Public Water System** refers to the provision to the public of water for human consumption through pipes or other constructed conveyances. The term includes any collection, treatment, storage, and distribution facilities under the control of the operator of such system and used primarily in connection with such system, and any collection or pretreatment storage facilities.
- d. **Consumer** means a natural person who is a purchaser, recipient, or prospective purchaser of water supply from the public water system.

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

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

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

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

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

- a. First Offense – A fine not less than one hundred thousand pesos (P100,000.00) but not more than two hundred thousand pesos (P200,000) and suspension of one year to two

years from public office;

- b. Second Offense – A fine of not less than two hundred thousand pesos (P200,000.00) but not more than five hundred thousand pesos (P500,000.00) and temporary disqualification from holding any public office of not less than three years but not more than six years; and
- c. Third Offense – A fine of not less than five hundred thousand pesos (P500,000.00) but not more than eight hundred thousand pesos (P800,000.00) and removal from public office and perpetual disqualification from holding any public position or office.

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

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

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

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

Approved,