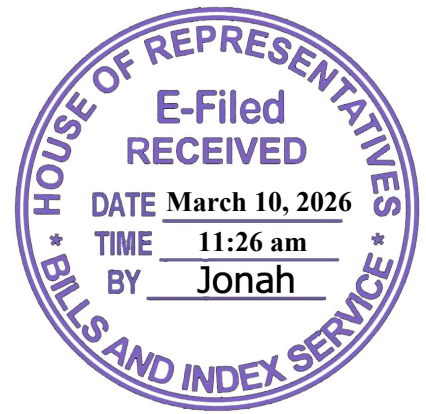


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. 8402



Introduced by Representative ERIC G. YAP

EXPLANATORY NOTE

This bill seeks to prevent this conflict of interest and strengthen public trust by prohibiting elected officials and their immediate family members from owning, controlling, or benefiting from public utility enterprises during the officials' term of office. It ensures that decisions affecting public utilities are made solely in pursuit of the public interest and not for personal enrichment.

Public office is a public trust. Elected officials must not be in a position to profit from public utilities - the very industries they are supposed to oversee or regulate.

Public utilities, such as electricity, water, transport, and telecommunications, play a crucial role in the daily lives of Filipinos and in driving the country's development. These services are not mere commodities, but essentials that directly affect the daily lives of every Filipino.

However, when elected officials or their family members hold financial or controlling interests in these sectors, it creates a clear conflict of interest. It undermines the very essence of public service and creates opportunities for preferential treatment and decisions made not for the people's welfare.

This bill is a safeguard to make sure that decisions about public utilities and other essential services are made in the public's interest, not for private benefit.

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


HON. ERIC G. YAP

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 8402

Introduced by Representative ERIC G. YAP

AN ACT
PROHIBITING ELECTED PUBLIC OFFICIALS AND THEIR IMMEDIATE FAMILY MEMBERS FROM OWNING, CONTROLLING, OR HAVING FINANCIAL OR MATERIAL INTEREST IN PUBLIC UTILITIES DURING THEIR TERM OF OFFICE, PROVIDING PENALTIES THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. *Short Title.* – This Act shall be known as the "*Anti-Conflict of Interest in Public Utilities Act.*"

SEC. 2. *Declaration of Policy.* – It is the declared policy of the State to uphold the highest standards of integrity, accountability, and public trust in public service. In recognition of the indispensable nature of public utilities in national development and public welfare, the State shall ensure that these enterprises are governed and regulated solely for public interest. To prevent conflicts of interest and regulatory capture, the State shall prohibit elected public officials and their immediate family members from having financial or material interests in public utility enterprises during the officials' incumbency, thereby preserving the integrity of public service and protecting the welfare of the public.

SEC 3. *Definition of Terms.* – As used in this Act:

a. Beneficial Owner refers to any natural or juridical person who controls or exercises ultimate effective control over the public utility.

b. Conflict of Interest refers to a situation where an elected public official or any of his or her immediate family member directly or indirectly owns, controls, manages, or otherwise derives financial or material interest in a public utility, whether personally or through intermediaries, in addition to the definition provided under Republic Act (RA) No. 6713, otherwise known as the "*Code of Conduct and Ethical Standards for Public Officials and Employees*".

c. Divestment refers to the transfer of the title or disposal of interest in a public utility by voluntarily, completely, and actually depriving or dispossessing oneself of his or her right or title to it in favor of a person or persons other than his or her immediate family members.

d. Financial Interest refers to any interest capable of monetary value, whether readily ascertainable or not, held by an elected public official, his or her immediate family members or a business they own, control or manage.

e. Elected Public Official refers to any person duly elected to an official position in the national or local government, including those in special or autonomous regions.

f. Immediate Family Members refer to the spouse, children, parents, brothers or sisters, or any other dependent or person living in the same household and related to the elected official by consanguinity or affinity within the fourth civil degree.

g. Material Interest refers to any substantial interest, whether direct or indirect, in any matter, transaction or proceeding that may be affected by the official acts or omissions of the elected public official.

h. Public Utility refers to persons or entities engaged in supplying the public with goods or services of public consequence, as defined under Commonwealth Act No. 146, otherwise known as the "*Public Service Act*", as amended by RA No. 11659.

SEC 4. *Prohibited Acts.* – During their term of office, no elected public official shall directly or indirectly:

a. Own, control, manage, or derive any financial or material interest in any public utility;

b. Allow or cause any immediate family member to own, control, manage, or derive financial or material interest in any public utility, whether directly or indirectly;

c. Grant preferential treatment, unwarranted benefits, privileges, or exemptions to any public utility in which the elected public official, his or her immediate family member, or their business have any form of interest; or

d. Influence, attempt to influence or cause any government agency or instrumentality, to act favorably in any matter involving a public utility in which the elected public official, his or her immediate family member, or their business have any form of interest;

Any scheme or arrangement intended to conceal beneficial ownership in a public utility, including but not limited to the use of intermediaries, nominees, dummies, or other similar business structure, shall be deemed a violation of this Act.

SEC 5. *Divestment Requirement.* – Any elected public official and/or his or her immediate family members, who at the same time of the official's assumption to office, already owns, controls, manages, or derives financial or material interest in a public utility shall, within sixty (60) days from assumption of office resign from any controlling position in such public utility or otherwise divest such interest in accordance with the rules and regulations of this Act.

SEC 6. *Penalties.* – Any elected public official found to have committed any violation of this Act shall be subject to the following penalties:

- a. Forfeiture of the interest in the public utility in favor of the State;
- b. Fine equivalent to at least six (6) months' worth of salary; and
- c. Suspension from office for a period of not less than one (1) year but not exceeding three (3) years: *Provided*, That in cases where the violation is accompanied by manifest bad faith or results in undue injury to the government or to the public, the penalty shall be dismissal from service with perpetual disqualification from holding public office, whether elective or appointive.

Immediate family members who knowingly aid, abet, conspire, or collude in the commission of any violation of this Act shall be subject to forfeiture of their interest, imposition of fine, and perpetual disqualification from holding office, among others, and as may be applicable. Their liability shall be separate and independent from that of the elected public official.

The penalties herein shall be without prejudice to the filing of appropriate criminal, civil, or administrative cases under existing laws.

SEC 7. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Civil Service Commission (CSC), in consultation with the Office of the Ombudsman, shall promulgate the necessary rules and regulations to effectively implement this Act. The Securities and Exchange Commission (SEC), the Philippine Competition Commission (PCC), and other relevant regulatory bodies shall assist the CSC in determining beneficial ownership.

SEC. 8. *Separability Clause.* – Should any provision or part of this Act be held invalid or unconstitutional, the other parts or provisions thereof not so declared shall remain valid and effective.

SEC. 9. *Repealing Clause.* – All other laws, decrees, orders, issuances, rules and regulations, or parts thereof, which are inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SEC. 10. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,