


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 SEP 20 P2 198

SENATE

RECEIVED BY: 

S. No. 1623

Introduced by Senator JUAN MIGUEL F. ZUBIRI

EXPLANATORY NOTE

Local Water Districts serve a vital need of the public. It is not surprising that in case of Davao Water District, the Supreme Court made an unequivocal declaration that they are government-owned and -controlled corporations whose operations are governed by public laws.

Local Water Districts are entities engaged in business highly impressed with public interest. While definitely governed by public laws, they must be given a high degree of autonomy in order to conduct their operations with optimum profitability.

As business entities, water districts are under the penumbra of the Local Water Utilities Administration (LWUA) pursuant to P.D. 198, as amended. The original law was passed a long way back. Despite the constant tinkering of the legislature, none was done to increase its capitalization and bestow it with wider latitude and discretion in the conduct of its affairs.


LWUA and all the water districts nationwide are under the management of dedicated and competent managers. After all, they are the first to feel the effects of inefficient water distribution system. It is expected that once approved, this measure will encourage LWUA and water districts nationwide to adopt innovative and technologically-sound approaches to better serve the consuming public.

In view of the foregoing, immediate consideration of this bill is earnestly requested.


JUAN MIGUEL F. ZUBIRI

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AN ACT
FURTHER AMENDING PRESIDENTIAL DECREE NO. 198, OTHERWISE
KNOWN AS THE PROVINCIAL WATER UTILITIES ACT, AS AMENDED,
PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Section 67 of Presidential Decree 198, as amended, is hereby amended to
2 read as follows:

3 "SEC. 67. *Capital Stock.* – The authorized capital stock of the Local Water
4 Utilities Administration is TWENTY-FIVE BILLION PESOS (P25,000,000,000.00)
5 divided into SIXTY-TWO MILLION FIVE HUNDRED THOUSAND PESOS
6 (P62,500,000.00) shares of stocks with a par value of Four hundred pesos per share
7 which shall be subscribed by the National Government and opened to subscription by
8 private investors or government financial institutions."

9 **SECTION 2.** Section 72 of Presidential Decree No. 198 shall hereby be amended to
10 read as follows:

11 "Sec. 72. *Domestic Borrowing Authority.* – The Administration shall have the
12 authority to borrow money from all domestic loan sources whether government or
13 private. *Provided,* That its loans outstanding from domestic sources at any one time
14 shall not exceed TEN BILLION PESOS (P10,000,000,000.00)"

15 **SECTION 3.** Section 73 of Presidential Decree No. 198 shall be amended to read as
16 follows:

1 “Sec. 73. Authority to Contract Foreign Loan. – The Administration is hereby
2 authorized to contract loans, credits, in any convertible foreign currency or capital
3 goods, and to incur indebtedness from time to time with foreign governments, or any
4 international financial institutions or fund sources, including supplier’s credits or deferred
5 payment arrangements, the total outstanding amount of which, excluding interests shall
6 not exceed SEVEN HUNDRED MILLION US Dollars (US\$700,000,000.00) or the
7 equivalent thereof in other currencies, on terms and conditions promulgated by the
8 Secretary of Finance and the Monetary Board for the accomplishment of its objectives;
9 and to enter into and execute contracts and other documents specifying such terms and
10 conditions.

11 The President of the Philippines, by himself or through his duly authorized
12 representative, is hereby authorized to negotiate and contract with foreign governments
13 or any international financial institution or fund sources in the name and on behalf of the
14 Administration, one or several loans, for the purpose of implementing the
15 Administration’s program for the promotion and development of local water utilities
16 through the Administration’s financing or lending operations.

17 The President of the Philippines, by himself or through his duly authorized
18 representative, is hereby further authorized to guarantee, absolutely and
19 unconditionally, as primary obligor and not as a mere surety, in the name and on behalf
20 of the Republic of the Philippines, the payments of the loans, credits and indebtedness
21 up to the amount herein authorized, over and above the amounts which the President of
22 the Philippines pursuant to loan agreements entered into with foreign governments or
23 any international financial institution or fund sources.

24 The loan credits and indebtedness contracted under this section shall be in
25 accord with the provisions of the Foreign Borrowing Act, as amended.

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

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

31 Approved,