

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Third Regular Session

SENATE

COMMITTEE REPORT NO. 248

jointly
Submitted by the Committees on Public Works; Public Services; Ways and Means; and Finance on FEB 05 2007

Re : Senate Bill No. 2595

Recommending its approval in substitution of Senate Bill Nos. 443, 2165 and 2468.

Sponsors: Senators Revilla, Jr., Osmeña III, Enrile and Magsaysay, Jr.

MR. PRESIDENT:

The Committees on Public Works; Public Services; Ways and Means; and Finance to which were referred Senate Bill No. 443, introduced by Senator Sergio Osmeña III, entitled:

**“AN ACT
RESTORING THE TAX EXEMPTION PRIVILEGE OF LOCAL WATER DISTRICTS UNDER SEC. 46 OF P.D. 198 AS AMENDED, AND FOR OTHER PURPOSES”**

Senate Bill No. 2165, introduced by Senator Juan Ponce Enrile, entitled:


**“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”**

and Senate Bill No. 2468, introduced by Senator Ramon B. Magsaysay, Jr., entitled:

**“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”**

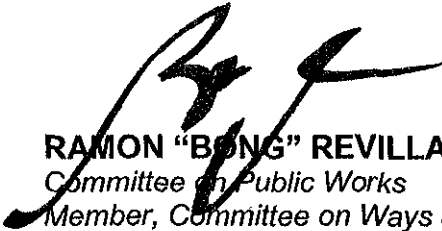
have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, Senate Bill No. 2595, prepared by the Committees, entitled:

**“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 approved in substitution of Senate Bill Nos. 443, 2165 and 2468 with Senators Osmeña III, Enrile, Magsaysay, Jr., Revilla, Jr., Arroyo,  and Drilon as authors.

Respectfully submitted:

Chairmen:

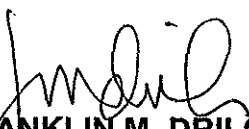

RAMON “BONG” REVILLA, JR.

*Committee on Public Works
Member, Committee on Ways and Means
Member, Committee on Finance*



JOKER P. ARROYO
*Committee on Public Services
Vice-Chairman, Committee on Ways and Means
Member, Committee on Finance*

RALPH G. RECTO
*Committee on Ways and Means
Member, Committee on Public Works
Member, Committee on Public Services
Member, Committee on Finance*



FRANKLIN M. DRILON
*Committee on Finance
Member, Committee on Public Works
Member, Committee on Public Services
Member, Committee on Ways and Means*

with amendments


Vice-Chairman:

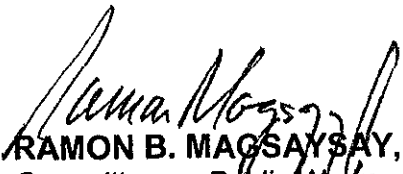
W/ amendments



MAR ROXAS
Vice-Chairman, Committee on Public Works
Member, Committee on Public Services
Member, Committee on Ways and Means
Member, Committee on Finance


 *w/ amendments* Members:

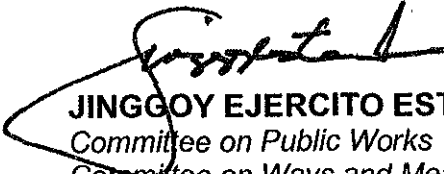
RICHARD J. GORDON
Committee on Public Works
Committee on Public Services
Committee on Ways and Means
Committee on Finance



MANUEL "LITO" M. LAPID
Committee on Public Works *mi*
Committee on Finance *quit*



RAMON B. MAGSAYSAY, JR.
Committee on Public Works
Committee on Ways and Means
Committee on Finance

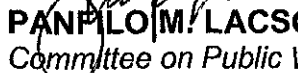

MIRIAM DEFENSOR SANTIAGO
Committee on Public Works
Committee on Finance


EDGARDO J. ANGARA
Committee on Public Works
Committee on Public Services
Committee on Ways and Means
Committee on Finance

 *may amend*
JINGGOY EJERCITO ESTRADA
Committee on Public Works
Committee on Ways and Means


ALFREDO S. LIM
Committee on Public Works
Committee on Ways and Means
Committee on Finance

with Resolutions & Amendments
 *may dissent*
SERGIO OSMEÑA III
Committee on Public Works
Committee on Public Services
Committee on Ways and Means
Committee on Finance



PANFILO M. LACSON
Committee on Public Works
Committee on Public Services
Committee on Ways and Means
Committee on Finance

COMPAÑERA PIA S. CAYETANO
Committee on Public Services
Committee on Ways and Means

JUAN PONCE ENRILE
Committee on Public Services
Committee on Ways and Means
Committee on Finance

M.A. MADRIGAL
Committee on Public Services
Committee on Finance



RODOLFO G. BIAZON
Committee on Ways and Means
Committee on Finance



LUISA "LOI" R. EJERCITO-ESTRADA
Committee on Finance

Ex-Officio Members:



JUAN M. FLAVIER
Pro-Tempore



FRANCIS N. PANGILINAN
Majority Leader



AQUILINO Q. PIMENTEL JR
Minority Leader

Hon. MANNY VILLAR
President
Senate of the Philippines
Pasay City

THIRTEENTH CONGRESS OF THE }
REPUBLIC OF THE PHILIPPINES }
Third Regular Session }

SENATE

S. B. NO. 2595

Prepared jointly by the Committees on Public Works; Public Services; Ways and Means; and Finance with
Senators Osmeña III, Enrile, Magsaysay Jr., Revilla Jr., Arroyo and Drilon as authors

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 read as follows:

2 "SEC. 67. *Capital Stock.* – The authorized capital stock of the Local Water Utilities
3 Administration is FIFTY BILLION PESOS (P50,000,000,000.00) [two billion five hundred million
4 pesos] divided into ONE HUNDRED TWENTY FIVE MILLION [twelve million five hundred
5 thousand] shares of stocks with a par value of FOUR [two] hundred pesos per share which shall
6 be subscribed by the National Government and opened to subscription by private investors or
7 government financial institutions: *PROVIDED, HOWEVER, THAT GOVERNMENT FINANCIAL*
8 *INSTITUTIONS MAY INVEST AT LEAST ONE PERCENT (1%) BUT NOT MORE THAN FIVE*
9 *PERCENT (5%) OF THEIR NET INCOME FOR STOCK SUBSCRIPTION AS PROVIDED FOR*
10 *UNDER THIS ACT: PROVIDED, FURTHER, THAT THE ADMINISTRATION SHALL TAKE*
11 *ACTIVE STEPS FOR THE PUBLIC OFFERING OF ITS SHARES."*

12 **SEC. 2.** Section 72 of Presidential Decree No. 198 shall hereby amended to read as follows:

13 "SEC. 72. *Domestic AND FOREIGN Borrowing Authority.* – The Administration shall
14 have the authority to borrow money from all domestic loan sources whether government or
15 private: *Provided,* That its loans outstanding from domestic sources at any one time shall not
16 exceed one billion pesos, AND IN THE CASE OF FOREIGN LOANS, THE CEILING SHALL BE
17 ONE BILLION U.S. DOLLARS (US\$1,000,000,000.00): *PROVIDED, HOWEVER, THAT THE*
18 *ADMINISTRATION MAY ONLY PROCEED OR AVAIL OF FOREIGN LOANS WITH PRIOR*
19 *CLEARANCE AND APPROVAL OF THE DEPARTMENT OF FINANCE: PROVIDED, FURTHER,*

1 THAT THE ADMINISTRATION MAY CONVERT ITS AUTHORIZED FOREIGN DEBT INTO PESO
2 OR LOCAL LOANS WHENEVER IT DEEMS NECESSARY."

3 **SEC. 3.** A new provision after Section 47 under Exclusive Franchise shall be put in place and shall read, as
4 follows:

5 "SEC. 47-A. *PRIVATIZATION OF WATER DISTRICTS.* - THE EXISTING WATER
6 DISTRICTS SHALL CONVERT THEMSELVES INTO EITHER STOCK COOPERATIVES UNDER
7 THE COOPERATIVE CODE OF THE PHILIPPINES OR STOCK CORPORATION UNDER THE
8 CORPORATION CODE WITHIN FIVE (5) YEARS FROM THE PASSAGE OF THIS ACT:
9 *PROVIDED*, THAT NOTHING CONTAINED IN THIS ACT SHALL DEPRIVE PRIVATIZED
10 WATER DISTRICTS OF ANY PRIVILEGE OR RIGHT GRANTED TO THEM UNDER
11 PRESIDENTIAL DECREE 198, AS AMENDED, AND OTHER EXISTING LAWS: *PROVIDED*,
12 *FURTHER*, THAT ALL ASSETS OF WATER DISTRICTS SHALL BE CONVERTED INTO
13 CONTRIBUTIONS OF THE GOVERNMENT, AS REPRESENTED BY THE LOCAL
14 GOVERNMENT UNIT, TO THE WATER COOPERATIVES OR CORPORATIONS. THE
15 GOVERNMENT SHALL MAINTAIN IN THE SAID COOPERATIVE OR CORPORATION AT
16 LEAST FORTY PERCENT (40%) OF THE STOCKS OR SHARES THEREIN: *PROVIDED*,
17 *FURTHERMORE*, THAT NO SINGLE MEMBER OF THE WATER COOPERATIVE OR
18 STOCKHOLDER SHALL OWN MORE THAN TWENTY PERCENT (20%) OF THE SHARES OR
19 STOCKS THEREIN: *PROVIDED, FINALLY*, THAT NOTHING IN THIS ACT SHALL PREVENT
20 ANY MERGER OR CONSOLIDATION BY AND BETWEEN ANY WATER UTILITY, WATER
21 COOPERATIVE OR CORPORATION.

22 "LWUA AND THE NATIONAL WATER RESOURCES BOARD (NWRB), IN
23 CONSULTATION WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC),
24 COOPERATIVES DEVELOPMENT AUTHORITY (CDA), REPRESENTATIVES OF PRIVATE
25 WATER UTILITIES AND WATER DISTRICTS AND OTHER RELEVANT SECTORS AND
26 GOVERNMENT AGENCIES, SHALL PROMULGATE THE NECESSARY IMPLEMENTING
27 RULES AND REGULATIONS (IRR) TO IMPLEMENT THIS SECTION WITHIN SIX (6) MONTHS
28 AFTER ITS APPROVAL.

29 "SEC. 47-B. *RIGHTS OF OTHER WATER UTILITIES.* - ALL OTHER EXISTING
30 PRIVATE WATER UTILITIES SHALL ACQUIRE THE RIGHTS AND PRIVILEGES GRANTED TO

1 WATER DISTRICT COOPERATIVES OR CORPORATIONS UNDER THIS ACT, PROVIDED
2 THAT THEY ARE, OR HAVE CONVERTED THEMSELVES INTO, WATER COOPERATIVES OR
3 CORPORATIONS WHETHER STOCK OR NON-STOCK.”

4 **SEC. 4. *Repealing Clause.*** - All or any provisions of the Provincial Water Utilities Act of 1973 which are
5 contrary or inconsistent with any provisions hereof are hereby deemed repealed or modified accordingly.

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

Approved,