

15 JAN -6 AIO :02

SENATE

P.S. Res. No. 1089

Introduced by Senator Antonio "Sonny" F. Trillanes IV

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON PUBLIC SERVICES AND OTHER APPROPRIATE COMMITTEES OF THE SENATE, TO INVESTIGATE, INQUIRE AND LOOK INTO, IN AID OF LEGISLATION, THE RATE HIKEs IMPLEMENTED BY MANILA WATER COMPANY AND MAYNILAD WATER SERVICES, THE TWO (2) WATER CONCESSIONAIRES PRIMARILY OPERATING IN METRO MANILA, AS APPROVED BY THE METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS), WITH THE END IN VIEW OF DETERMINING COMPLIANCE OF EXISTING LAWS AND ENACTING REMEDIAL LEGISLATION TO PROTECT THE INTERESTS OF CONSUMERS AND THE PUBLIC IN GENERAL

WHEREAS, Republic Act 7394, otherwise known as the Consumer Act of the Philippines, declares that it is the policy of the state to protect the interests of consumers, protect their general welfare and to establish standards of conduct for business and industry;

WHEREAS, after the Metro Rail Transit and Light Rail Transit took effect on 4 January 2015, two giant water utility concessionaires – Manila Water Company and Maynilad Water Services – began to implement their own rate hikes in Metro Manila on 5 January 2015;

WHEREAS, Ayala-led Manila Water serves the East Zone of Metro Manila which includes parts of Quezon City, Makati, Taguig, Pateros, Marikina, Pasig, San Juan, Mandaluyong, the Southeast of Manila and Rizal Province. While, Maynilad serves the West Zone of Metro Manila, including the cities of Manila – except portions of San Andres and Sta. Ana; Quezon City – West of San Juan River, West Avenue, EDSA, Congressional, Mindanao Avenue, Northern part starting from Districts of Holy Spirit and Batasan Hills; Makati – West of South Super Highway; Caloocan; Pasay; Parañaque; Las Piñas; Muntinlupa; Valenzuela; Navotas and Malabon;¹

WHEREAS, Manila Water increased their cost per cubic meter by P 0.36 which purportedly translates to an additional P 20.26 for a household consuming about 30 cubic meters of water a month;²

WHEREAS, Maynilad, on the other hand, posted a P 0.38 increase per cubic meter, purportedly amounting to about P 9.15 for a consumption of 30 cubic meters of water;³

WHEREAS, Metropolitan Waterworks and Sewerage System (MWSS) administrator Gerry Esquivel said they approved the request of Manila Water and Maynilad to increase water rates as part of its foreign currency differential adjustment (FCDA), or the change of the value of the peso against other currencies;⁴

¹ Maynilad, *Manila Water hike rates*. GMA News Online. Retrieved from: <http://www.gmanetwork.com/news/story/398850/economy/companies/maynilad-manila-water-hike-rates>

² *Ibid.*

³ *Ibid.*

⁴ Panti, L. *Water rate hike unfair*. The Manila Times. Retrieved from: <http://www.manilatimes.net/water-rate-hike-unfair/151061/>

WHEREAS, FCDA is a mechanism that allows Maynilad and Manila Water to cover foreign exchange fluctuations that also affect their payments on foreign currency-denominated loans for expansion and service improvement;⁵

WHEREAS, according to Water for All Reform Movement (WARM), the FCDA is not enough reason for the water concessionaires to increase rates;⁶

WHEREAS, moreover, aside from the FCDA, the consumers are already paying for the Currency Exchange Rate Adjustment (CERA) every time there are movements in the foreign currency rates. According to WARM, only one of these should be shouldered by the public;⁷

WHEREAS, further, Maynilad and Manila Water have yet to account for MWSS-mandated 2013 water-rate reductions of P 1.45 per cubic meter and P 1.25 per cubic meter for illegal charges passed on to consumers such as corporate income taxes, self-serving advertising and other expenses, as well as several projects such as, sewerage systems promised but never started;⁸

WHEREAS, furthermore, the consumers were not informed before hand, much less consulted, about the latest water rate hikes approved by the Metropolitan Waterworks and Sewerage System Regulatory Office (MWSS-RO), which is apparently in violation the provisions on due process⁹, social justice¹⁰, full public disclosure¹¹, people's participation¹² and adequate consultation¹³ requirements imposed by the 1987 Constitution;

WHEREAS, as reported in the media, these initial round of water-rate increases by Maynilad and Manila Water will be shortly followed by another, more substantial and more burdensome round of water-rate increases purportedly because the arbitration panel tasked with the duty of determining the propriety of the earlier round of basic water rate adjustment under the so called "*rate rebasing adjustment*" previously applied for by Maynilad and Manila Water in 2013 has purportedly allowed and/or approved said water-rate increases in a ruling rendered last 29 December 2014¹⁴.

WHEREAS, these rounds of water-rate hikes sought to be implemented by the two (2) water concessionaires in Metro Manila not only appear to be of questionable legality and/or constitutionality, the same would in fact be very insensitive to the plight of ordinary consumers who already have to contend with not only the MRT and LRT fare rate increases, spiraling inflation and/or the rising cost of living in the country, among many others, without any commensurate increases in their salaries and wages;

WHEREAS, the State is tasked with the promotion of the general welfare, the same being essential for the enjoyment of all people of the blessings of democracy;¹⁵ Moreover, in the interest of national welfare, the State is authorized by the Constitution to intervene in the operations and even take over public utilities¹⁶ and to regulate or prohibit monopolies when the public interest so requires¹⁷.

WHEREAS, it is incumbent upon the Senate, thru the Senate Committee on Public Services and other appropriate Senate committees, to protect the public interest and safeguard the welfare of consumers and the public in general from aforesaid alleged unjust financial burdens and/or

⁵ *Ibid.*

⁶ *Maynilad, Manila Water hike rates*. GMA News Online. Retrieved from: <http://www.gmanetwork.com/news/story/398830/economy/companies/maynilad-manila-water-hike-rates>

⁷ *Ibid.*

⁸ Laurel, H. Double, double toil and trouble. The Daily Tribune. Retrieved from: <http://www.tribune.net.ph/commentary/author/72-hermantiulaurel>

⁹ Article III, Section 1 of the 1987 Constitution.

¹⁰ Article XIII, Sections 1 & 2 of the 1987 Constitution.

¹¹ Article II, Section 28 of the 1987 Constitution.

¹² Article XIII, Section 16 of the 1987 Constitution.

¹³ Article XIII, Section 16, 2nd Sentence of the 1987 Constitution.

¹⁴ *Dagdag-singit sa average basic water charge, ipatutupad ng MWSS and Maynilad*; posted at GMA News Online on 05 January 2015 at 8:13 pm; Retrieved from: <http://www.gmanetwork.com/news/video/235185/24oras/dagdag-singit-sa-average-basic-water-charge-ipatutupad-ng-mwss-at-maynilad>

¹⁵ Article II, Section 5 of the 1987 Constitution.

¹⁶ Article XII, Section 18 of the 1987 Constitution.

¹⁷ Article XII, Section 19 of the 1987 Constitution.

possible abuse of the law, especially at a time when the members of the general public are still reeling from the sudden fare increase of the Metro Manila's light rail system – all of which they are now compelled to suffer and endure;

NOW THEREFORE, *BE IT RESOLVED*, as it is hereby resolved by the Philippine Senate, to direct the Committee on Public Services and other appropriate committees of the Senate to investigate, inquire and look into, in aid of legislation, the water-rate hikes to be implemented by Manila Water Company and Maynilad Water Services, the two (2) water concessionaires primarily operating in Metro Manila, purportedly as approved by the Metropolitan Waterworks and Sewerage System (MWSS), with the end in view of determining their compliance with existing laws as well as the 1987 Constitution and of enacting remedial legislation to protect the interests of consumers and the public in general.

Adopted,


ANTONIO "SONNY" F. TRILLANES IV
Senator