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SENATE

S. No. 841

REC'D

BY: 

Introduced by Senator Ralph G. Recto

AN ACT
PROTECTING CONSUMERS FROM UNREASONABLE FEE INCREASES BY
PROVIDING FOR A CONSUMER GROUP REPRESENTATION IN THE
GOVERNING BOARDS OF GOVERNMENT REGULATORY BODIES,
AMENDING FOR THE PURPOSE THEIR RESPECTIVE CHARTERS, AND
FOR OTHER PURPOSES

Explanatory Note

The Philippine Statistics Authority reported in June 2016 that the annual headline inflation¹ picked up by 1.9% from 1.2% in the same period last year. Contributing to the upward movement are price increases that were noted in most regions such as higher markup for food products, tuition fee hikes, higher electricity rates, upward adjustments in selected construction materials and increments in the prices of kerosene and LPG.²

The public helplessly watch by as a succession of increases in the price of goods and services relentlessly devour what is left of their purchasing power. It is now more expensive to travel by public transportation as fare rates are up in buses, taxis, and even commuter rail. Plying our toll roads had become almost unaffordable, while pump prices continue to fluctuate. Our phone, water and electric bills also steadily increase.

All of these unfold almost at the same time, as the Filipino consumer now turns to the government for relief. Unfortunately, this upsurge in the cost of basic necessities had been approved by government regulatory bodies despite heavy opposition from the public.

This fact tells us that the opinion of the public, as consumers and end-users of products and services, do not weigh heavily on public policy when the opposite should be true.

No less than the Philippine Constitution mandates that public participation, in the interest of transparency and effective governance, shall be promoted at all levels of social, political, and economic decision-making.

Furthermore, it is the duty of the State to provide for mechanisms in which the concerned sectors can actively participate, in particular, in the regulatory affairs of government.

¹ The Philippine Statistics Authority defines "Headline Inflation" as the rate of change in the consumer price index, which aims to capture the changes in the cost of living based on the movements of the prices of items in the basket of commodities and services consumed by the typical Filipino household.

² Philippine Statistics Authority. Summary Inflation Report Consumer Price Index (2006=100): June 2016.

Unfortunately, up to this day, a number of charters creating various government regulatory bodies – especially those concerned with determining rates of utilities, public transport, etc. – do not contain any provision of increasing public participation in their decision-making process.

As a result, numerous policy decisions in the past have been approved either without prior consultation from stakeholders or without full disclosure of its details in public forums, thereby compromising the ideals of participative policy-making and transparency.

This bill seeks to address all that.

Specifically, this measure aims to provide for the institutionalization of the participatory mechanisms for concerned stakeholders by including at least one (1) representative coming from consumer groups belonging to the sector being regulated by the government regulatory body concerned, amending the charters creating the following regulatory bodies:

1. Land Transportation and Franchising Regulatory Board;
2. Toll Regulatory Board;
3. Energy Regulatory Commission;
4. Manila Waterworks and Sewerage System;
5. Local Water Utilities Administration; and
6. National Telecommunications Commission.

It calls for the creation of the position of Consumer Group Representative, who will sit on the Governing Boards of these regulatory bodies.

Once this bill is enacted into law, the public as a consumer would be well-represented in the Governing Boards of these regulatory bodies when they formulate public policy, particularly with regards to the approval of rate increases in the sector they regulate.

The bill also aims to prevent malicious activities and grave abuse of discretion committed by those who sit on the affected regulatory bodies because they will no longer be left unchecked as representatives of sectors concerned will have direct participation over decision-making affairs at the top level.

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



RALPH G. RECTO

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

1 **SECTION 1.** *Title.* – This Act shall be known as “Consumer Group
2 Representation in Regulatory Bodies Act of 2016.”

3 **SEC. 2.** *Declaration of Policy.* – Pursuant to the constitutional mandate that the
4 right of the people and their organizations to effective and reasonable participation at all
5 levels of social, political, and economic decision-making shall not be abridged, and the
6 State shall, by law, facilitate the establishment of adequate consultation mechanisms, the
7 State shall:

- 8 a.) prevent the concentration of power and information in a few
9 persons/government organizations;
- 10 b.) adopt and implement a policy of full public disclosure of all its transactions
11 involving public interest thereby promoting transparency and accountability;
12 and
- 13 c.) ensure the protection and advancement of consumer welfare by mandating the
14 inclusion of consumer group representatives in the Governing Boards of
15 government regulatory bodies.

16 **SEC. 3.** *Consumer Group.* – For purposes of this Act, a consumer group shall
17 refer to a representative organization, registered under the Securities and Exchange
18 Commission, which has been established and organized to cater to a national
19 constituency, and whose mandate includes the protection of the interests and rights of
20 consumers in a specific sector that is being regulated by a government regulatory body.

21 **SEC. 4.** *Coverage.* – The Governing Boards of the following government
22 regulatory bodies shall include at least one (1) member who shall represent the consumer

1 group belonging to the sector being regulated by the government regulatory body
2 concerned:

3 a. Land Transportation and Franchising Regulatory Board, created by Executive
4 Order No. 292;

5 b. Toll Regulatory Board, created by Presidential Decree No. 1112;

6 c. Energy Regulatory Commission, created by Republic Act No. 9136;

7 d. Manila Waterworks and Sewerage System, created by Executive Order No.
8 1036;

9 e. Local Water Utilities Administration, created by Presidential Decree No. 198
10 as amended; and

11 f. National Telecommunications Commission, created by Executive Order No.
12 546;

13 Such member of the respective governing boards of the aforementioned
14 government regulatory bodies shall be called the Consumer Group Representative.

15 The Consumer Group Representative shall perform the same functions, shall have
16 the same voting rights, shall be paid the same salaries, remunerations and emoluments,
17 and enjoy the same privileges as those enjoyed by the other members of the Governing
18 Board of the government regulatory authority concerned.

19 **SEC. 5. *Qualifications of Consumer Group Representative.*** – No person shall be
20 appointed as a Consumer Group Representative unless he is a natural born citizen of the
21 Philippines, at least thirty (30) years of age, able to read and write, a bona fide member of
22 the Consumer Group which he seeks to represent for at least two (2) years prior to his
23 appointment, and has never been convicted of any administrative, civil or criminal
24 offense involving moral turpitude.

25 The Consumer Group Representative should also have at least five (5) years of
26 known advocacy in the consumer sector he represents.

27 If, at any time during his appointment, the Consumer Group Representative
28 ceases to be a bona fide member of his respective consumer group through expulsion,
29 resignation, or any manner of removal sanctioned by its organizational by-laws, the
30 position of Consumer Group Representative shall automatically be declared vacant and
31 shall be filled up accordingly by initiating the appointment process as herein provided.

32 **SEC. 6. *Appointing Authority.*** – The President of the Republic of the Philippines
33 shall appoint the Consumer Group Representative subject to the qualifications as herein
34 provided, and to the limitations and prohibitions under existing laws and statutes.

35 **SEC. 7. *Implementing Rules and Regulations.*** – The Department of Budget and
36 Management (DBM) and the government regulatory agencies as enumerated under
37 Section 4 of this Act shall formulate and issue the necessary implementing rules and

1 regulations for the effective implementation of this Act within sixty (60) days after the
2 effectivity of this Act.

3 **SEC. 8. *Separability Clause.*** – If any part or provision of this Act shall be held to
4 be unconstitutional or invalid, other parts or provisions hereof which are not affected
5 thereby shall continue to be in full force and effect.

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

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

Approved,