

**SENATE**

'19 JUL 17 P6:00

**S. No. 590**

RECEIVED 

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 that the Year-on-Year inflation rates in 2018 picked up by 5.2 percent from 2.9 percent in 2017.<sup>1</sup> The Philippines' full-year average inflation rate in 2018 is above the government's target range of 3 percent  $\pm$  1.0 percentage point for the year.<sup>2</sup> Contributing to the upward movement are the rising world oil prices and other factors such as the effect of the Tax Reform Law on the price of petroleum products and the weakening peso.<sup>3</sup>

The public helplessly watch by as a succession of increases in the prices 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

<sup>1</sup> Philippine Statistics Authority. Summary Inflation Report Consumer Price Index (2012=100): May 2019. <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-may-2019> (Accessed July 1, 2019)

<sup>2</sup> Inflation averages 5.2% in 2018: BSP. <https://www.pna.gov.ph/articles/1059321>. (Accessed July 1, 2019)

<sup>3</sup> FAST FACTS: Philippine inflation rate over the years. <https://www.rappler.com/newsbreak/fast-facts/213604-things-to-know-philippine-inflation-over-the-years>. (Accessed July 1, 2019)

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 sectors concerned can actively participate, in particular, in the regulatory affairs of government.

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 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 regard to the approval of rate increases in the sector they regulate.

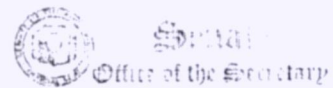
The bill also aims to prevent malicious activities and grave abuse of discretion committed by those who sit on the affected regulatory bodies because they will no longer be left unchecked as representatives of sectors concerned will have direct participation over decision-making affairs at the top level.

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."

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

8           a.) prevent the concentration of power and information in a few  
9           persons or government organizations;

10          b.) adopt and implement a policy of full public disclosure of all its  
11          transactions involving public interest thereby promoting  
12          transparency and accountability; and

13          c.) ensure the protection and advancement of consumer welfare by  
14          mandating the inclusion of consumer group representatives in the  
15          Governing Boards of government regulatory bodies.

16          Sec. 3.   *Consumer Group.* – For purposes of this Act, a consumer  
17 group shall refer to a representative organization, registered under the

1 Securities and Exchange Commission, which has been established and  
2 organized to cater to a national constituency, and whose mandate includes  
3 the protection of the interests and rights of consumers in a specific sector  
4 that is being regulated by a government regulatory body.

5 Sec. 4. *Coverage.* – The Governing Boards of the following  
6 government regulatory bodies shall include at least one (1) member who shall  
7 represent the consumer group belonging to the sector being regulated by the  
8 government regulatory body concerned:

- 9 a. Land Transportation and Franchising Regulatory Board, created by  
10 Executive Order No. 292;
- 11 b. Toll Regulatory Board, created by Presidential Decree No. 1112;
- 12 c. Energy Regulatory Commission, created by Republic Act No. 9136;
- 13 d. Manila Waterworks and Sewerage System, created by Executive  
14 Order No. 1036;
- 15 e. Local Water Utilities Administration, created by Presidential Decree  
16 No. 198, as amended; and
- 17 f. National Telecommunications Commission, created by Executive  
18 Order No. 546.

19 Such member of the respective governing boards of the  
20 aforementioned government regulatory bodies shall be called the Consumer  
21 Group Representative.

22 The Consumer Group Representative shall perform the same functions,  
23 shall have the same voting rights, shall be paid the same salaries,  
24 remunerations and emoluments, and enjoy the same privileges as those  
25 enjoyed by the other members of the Governing Board of the government  
26 regulatory authority concerned.

27 Sec. 5. *Qualifications of Consumer Group Representative.* – The  
28 Consumer Group Representative to be appointed should be a natural born  
29 citizen of the Philippines, at least thirty (30) years of age, able to read and  
30 write, a bona fide member of the Consumer Group which the appointee seeks  
31 to represent for at least two (2) years prior to the appointment, and has



1 never been convicted of any administrative, civil or criminal offense involving  
2 moral turpitude.

3 The Consumer Group Representative should also have at least five (5)  
4 years of known advocacy in the consumer sector the appointee represents.

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

11 Sec. 6. *Term of Office of the Consumer Group Representative.* – The  
12 term of office of the Consumer Group Representative shall be two (2) years:  
13 *Provided, That,* upon the expiration of the term, a member of the consumer  
14 group shall serve until a successor shall have been appointed and qualified:  
15 *Provided, further,* That an appointment to fill the vacancy that arises prior to  
16 the expiration of the term of the Consumer Group Representative shall only  
17 be for the unexpired portion of such term: *Provided, finally,* That no member  
18 of the Consumer Group shall be appointed for more than two (2) consecutive  
19 or partial terms.

20 Sec. 7. *Appointing Authority.* – The President of the Republic of the  
21 Philippines shall appoint the Consumer Group Representative subject to the  
22 qualifications as herein provided, and to the limitations and prohibitions under  
23 existing laws and statutes.

24 Sec. 8. *Implementing Rules and Regulations.* – Within sixty (60) days  
25 after the effectivity of this Act, the Department of Budget and Management  
26 (DBM), in coordination with the government regulatory agencies as  
27 enumerated under Section 4 of this Act shall formulate the rules and  
28 regulations to effectively implement the provisions of this Act.

29 Sec. 9. *Separability Clause.* – If any portion or provision of this Act is  
30 declared unconstitutional, the remainder of this Act or any provisions not  
31 affected thereby shall remain in force and effect.

1           Sec. 10. *Repealing Clause.* – Any law, presidential decree or issuance,  
2 executive order, letter of instruction, rule or regulation inconsistent with the  
3 provisions of this Act is hereby repealed or modified accordingly.

4           Sec. 11. *Effectivity.* – This Act shall take effect fifteen (15) days  
5 following its complete publication in two (2) newspapers of general circulation  
6 or in the *Official Gazette*.

Approved,