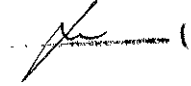


FOURTEENTH CONGRESS
OF THE REPUBLIC OF THE PHILIPPINES
Second Regular Session

8 SEP -2 P 1:20

SENATE
P. S. RES. NO. **612**

RECEIVED BY 

Introduced by Sen. M. A. Madrigal

RESOLUTION

DIRECTING THE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATION TO INVESTIGATE, IN AID OF LEGISLATION, THE ALLEGED GROSS MISMANAGEMENT COMMITTED AND BEING COMMITTED BY OFFICERS AND MANAGERS OF THE METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS) AS WELL AS OTHER ANOMALOUS TRANSACTIONS THAT CAN ONLY LEAD TO THE DISSIPATION OF MWSS ASSETS AND THE SOARING PRICE OF WATER IN ITS CONCESSION AREAS

Whereas the Metropolitan Water and Sewerage System (MWSS, formerly National Waterworks and Sewerage Authority [NAWASA]) is the primary government corporation charged with ensuring adequate supply of water in Metro Manila and nearby areas;

Whereas it has been reported that the MWSS, under its current administrator Diosdado Allado, entered into grossly disadvantageous contracts and transactions, the cost of which will ultimately be borne by the 12 million water consumers of Metro Manila;

Whereas among such alleged anomalous transactions is the US\$3,825,734 Pinugay Sewerage Treatment Project which is said to be overpriced by around Php150,000,000;

Whereas on 18 September 2007, the resident auditor of MWSS submitted an Audit Observation Memorandum finding, among others, that the Pinugay Sewerage Treatment Project violated bidding procedure and that the submitted plans were not approved by the Board of Trustees;

Whereas another alleged anomalous project of the MWSS is the proposed Laiban Dam Project worth around US\$1 billion;

Whereas the Laiban Dam Project was approved by the National Economic Development Authority (NEDA) through a loan facility with the Chinese Government. However, due to the ZTE-NBN scandal, the loan facility was shelved;

Whereas the MWSS plans to proceed with the Laiban Dam Project through a Joint Venture Agreement with CalEnergy even if the proposed water rates are much higher than that of the two existing concessionaires of MWSS. A Memorandum of Understanding with CalEnergy affiliate, CE Mahanagdong II Inc., was entered into by the MWSS on 5 June 2008;

Whereas these reported anomalous transactions at the MWSS come in the wake of a pending joint investigation by the Office of the Government Corporate Counsel (OGCC), Civil Service Commission (CSC) and the Commission on Audit (COA) about a payroll padding scheme amounting to an overpayment of P136 million to 104 "mystery" employees;

Whereas upon discovery of the scam, the employees involved in perpetrating it were issued suspension orders but were subsequently reinstated by MWSS Administrator Allado when he assumed office;

Whereas earlier, the MWSS had admitted to have constructed an executive housing project for its officers in a four-and-a-half hectare property of MWSS originally intended for a water treatment facility;

Whereas it was alleged that the beneficiaries of the said executive housing project included non-employees of MWSS and trustees of some other government offices;

Whereas altogether, these anomalous transactions at the MWSS have greatly contributed to the financial woes of the MWSS;

Whereas this is especially alarming considering that the MWSS is set to retire a US\$150 million loan with Bank of Paribas by 2011;

Whereas all the costs of these anomalous transactions are merely passed on to the water consumers of Metro Manila and nearby areas;

Whereas there is a need to investigate these serious allegations in order for Congress to pass appropriate legislative measures to prevent similar transactions and contracts violative of the law and inimical to public interest;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT, the Senate Committee on Accountability of Public Officers and Investigation investigate, in aid of legislation, the alleged mismanagement committed and being committed by officers and managers of the Metropolitan Waterworks and Sewerage System (MWSS) as well as other anomalous transactions that can only lead to the dissipation of MWSS assets and the soaring price of water in its concession areas.

Adopted,

M. A. MADRIGAL