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Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

EIGHTEENTH CONGRESS  
First Regular Session  
442  
HOUSE RESOLUTION No. \_\_\_\_\_



Introduced by  
BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,  
FERDINAND R. GAITE and EUFEMIA C. CULLAMAT

**RESOLUTION URGING THE HOUSE OF REPRESENTATIVES COMMITTEE ON PUBLIC ACCOUNTS TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE IRREGULARITIES OF SETTING WATER RATES BY WATER CONCESSIONAIRES MANILA WATER AND MAYNILAD, LIKE THE SUPPOSED 780% INCREASE FOR MANILA WATER RATES DUE TO THE SUPREME COURT FINE AS WELL AS INCLUDING BUT NOT LIMITED TO PASS-ON CHARGES OF CORPORATE INCOME TAX, OPERATING EXPENSES, ADVANCED COLLECTION FOR FUTURE PROJECTS AND REDUNDANT COLLECTION OF FOREIGN EXCHANGE RECOVERY ADJUSTMENTS**

**WHEREAS**, last October 9, Manila Water issued a press release stating that there would be an exponential 780% increase in water rates or as much as P26.70 per cubic meter and worse traffic in Metro Manila if the Supreme Court (SC) decision issued last August is not reversed;

**WHEREAS**, it can be remembered that last August 6 the Supreme Court issued a 14-0 decision to fine water concessionaires Maynilad and Manila Water over P921.5 million each for violation of the Philippine Clean Water Act;

**WHEREAS**, the high court also ruled that the Metropolitan Waterworks and Sewerage System (MWSS) is "jointly and severally liable" with both water concessionaires, upholding a Court of Appeals ruling on two separate cases;

**WHEREAS**, a "joint and several" liability means the entire obligation may be enforced on one of the parties;

**WHEREAS**, after the announcement of Manila Water of the impending 780% increase concerned and cause oriented groups assailed it as a way of blackmailing the Supreme Court as well as entirely unfair to consumers;

**WHEREAS**, since the public backlash to their announcement was immense, Manila Water backpedaled and said that the amount is what it would cost to build wastewater facilities to comply with the Supreme Court decision and that they never said that it would be passed on to consumers;

**WHEREAS**, the government through the MWSS entered into a Concession Agreement in 1997 with water concessionaires Maynilad and Manila Water to supposedly resolve the then threats of water crisis, pursuant to Republic Act 8041 otherwise known as the National Water Crisis Act of

1 1995;

2 **WHEREAS**, in the past 22 years of the Concession Agreement, various irregularities along with  
3 this latest threat of 780% rate increase were discovered by groups, legislator offices, organizations  
4 and concerned citizens;

5 **WHEREAS**, the Water for the People Network (WPN) revealed that Maynilad and Manila Waters  
6 included their income tax payments and operating expenses, among others, in the basic charge of  
7 their water rates;

8 **WHEREAS**, WPN reported that the Maynilad and Manila Water had been passing on their P3.1  
9 billion income tax payments to consumers annually, for a total P15.3 billion from 2008 to 2012,  
10 this does not even include the corporate income taxes amounting PHP 8.07 Billion from 2013-  
11 2014, all while enjoying a six-year income tax holiday granted by the Board of Investments from  
12 2009-2015;

13 **WHEREAS**, despite the profit windfall expected on the concession, the government still deems  
14 it necessary to give sovereign guarantees for underperforming concessionaires. Case in point is the  
15 MWSS loan amounting to \$100 million guaranteed by the Department of Finance to cover the  
16 unpaid concessionaire's fee of Maynilad;

17 **WHEREAS**, based on a research in 2012, the giant water firms collected in advance the cost of  
18 their future projects. The study unearthed that the 2007 rate rebasing included the P45.3 billion  
19 Laiban Dam Project and P5.4 billion Angat Dam Irrigation project. Both projects were eventually  
20 cancelled by MWSS in 2010 due to problems in technicalities, but collections were already made,  
21 which consumer group Water for All Refund Movement estimated to already reached P6 billion  
22 in 2012;

23 **WHEREAS**, in the past, IBON databank reported that passed-on foreign exchange losses by  
24 water firms was doubly collected from consumers in the form of Foreign Currency Differential  
25 Adjustment (FCDA) and Currency Exchange Rate Adjustment (CERA). FCDA is a rate  
26 adjustment made on a quarterly basis, while CERA is at P1 per cubic meter. Both serve with the  
27 same purpose which is for Maynilad and Manila Water to recover losses on foreign exchange  
28 fluctuations;

29 **WHEREAS**, this unjust and immoral imposition of pass-on charges manifest the failure of the  
30 Concession Agreement, between MWSS and water concessionaires Maynilad and Manila Waters,  
31 to provide affordable water rates to the consuming public, thereby failing to meet the standard  
32 performances set by the CA itself;

33 **WHEREAS**, it is the responsibility of the state to protect the water consumers, upholding their  
34 right to ensure enjoyment of water that is sufficient, safe, accessible and affordable;

35 **NOW THEREFORE BE IT RESOLVED**, that the Committee on Public Accounts to conduct  
36 an investigation, in aid of legislation, on the irregularities of setting water rates by water  
37 concessionaires Manila Water and Maynilad, like the supposed 780% increase for Manila Water  
38 rates due to the Supreme Court fine as well as including but not limited to pass-on charges of  
39 corporate income tax, operating expenses, advanced collection for future project and redundant  
40 collection of foreign exchange recovery adjustments.

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43 *Adopted,*

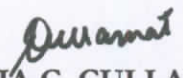
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**REP. CARLOS ISAGANI T. ZARATE**  
*Bayan Muna Partylist*

  
**REP. FERDINAND R. GAITE**  
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