Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City  

EIGHTEENTH CONGRESS  
First Regular Session  

HOUSE RESOLUTION No. 442  

Introduced by  
BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,  
FERDINAND R. GAITÉ 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
WHEREAS, in the past 22 years of the Concession Agreement, various irregularities along with this latest threat of 780% rate increase were discovered by groups, legislator offices, organizations and concerned citizens;

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

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

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

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

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

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

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

NOW THEREFORE BE IT RESOLVED, that the 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 project and redundant collection of foreign exchange recovery adjustments.

Adopted,
REP. CARLOS ISAGANI T. ZARATE
Bayan Muna Partylist

REP. EUFEMIA C. CULLAMAT
Bayan Muna Partylist