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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION No. 483



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

RESOLUTION

URGING THE HOUSE OF REPRESENTATIVES, THROUGH THE COMMITTEE ON GOVERNMENT ENTERPRISE AND PRIVATIZATION, TO INVESTIGATE, IN AID OF LEGISLATION, THE PROPOSED JOINT VENTURE AGREEMENT BETWEEN BACOLOD CITY WATER DISTRICT (BACIWA) AND PRIME WATER INFRASTRUCTURE CORPORATION (PRIMEWATER) AND ITS IMPACT TO THE PROVISION OF WATER SERVICES, AND SECURITY OF TENURE OF EMPLOYEES OF THE WATER DISTRICT

WHEREAS, the Bacolod City Water District or BACIWA was established as part of Public Service of the government for the residents as per Presidential Decree 198 and Sangguniang Panlalawigan No. 4660 series of 1973 purposely for the provision of sufficient, clean and affordable water in the City of Bacolod;

WHEREAS, the United Nations General Assembly on July 28, 2010 recognized the right to water and sanitation as a basic human right. UN Committee on Economic, Social and Cultural Rights adopted UN General Comment No. 15, wherein the right to water is defined as the right of everyone to sufficient, safe, acceptable and physically accessible and affordable water for personal and domestic uses;

WHEREAS, as a basic right and necessity, water is considered a public utility. Thus, the establishment, operation, and maintenance of waterworks systems must be supervised and controlled by the State because they deliver essential services that are vital to public health and safety;

WHEREAS, the experience with more than 20 years of privatization of the Metropolitan Waterworks and Sewerage System (MWSS) showed that, instead of affordable, accessible and adequate water services, consumers were burdened with higher water rates. From a basic tariff of Php2.00-Php4.00 in 1997 the basic tariffs increased to Php34.00-Php47.00 in 2018, or an increase of 970% for the consumers of Manila Water and 596% for Manila Water. Additionally, consumers shoulder various charges including but not limited to 12% value added tax (VAT), 20% environmental charge, and foreign currency exchange adjustment (FCDA). For 2000-2015, the two concessionaires reported a whopping combined accumulated income of Php94.5 billion;

WHEREAS, the MWSS privatization also displaced thousands of its employees, with almost half of the 7,400-strong workforce either coaxed into early retirement, or voluntarily or 'involuntarily' separated. As of 2018, affected employees are yet to receive their separation benefits. Even the Commission on Audit (CoA) has ordered the MWSS to grant its

1 former employees unpaid separation benefits estimated at P455 million;

2 **WHEREAS**, local water districts which operate and maintain water supply systems in
3 provincial, cities and municipalities are also increasingly being privatized. Unmindful of such
4 experience under the MWSS privatizaion, the government through the Local Water Utilities
5 Administration (LWUA), has been vigorously pursuing the privatization of local water districts;

6 **WHEREAS**, the BACIWA Board of Directors is negotiating a 25-year contractual joint venture
7 with Prime Water Infrastructure Venture (PrimeWater). They will agree for “financing,
8 development, rehabilitation, expansion, improvement, operation of the water supply and septage
9 management systems of the Bacolod City Water District”. As a form of privatization, the
10 “accounting, administrative, engineering, maintenance functions” will all be transferred to
11 PrimeWater;

12 **WHEREAS**, the residents of Bacolod City and consumers of BACIWA through the Bacolod
13 Water Consumers Watch, Inc. and Amlig Tubig Coalition, together with the Social Action
14 Center of the Diocese of Bacolod, are opposing the privatization of the water services through
15 the planned joint venture. At least 15,000 signatures were gathered by the groups through a
16 petition opposing the privatization of BACIWA. Moreover, Barangay Resolutions opposing the
17 privatization of BACIWA were adopted by Barangay Councils of Sum-ag, Pahanocoy, Tangub,
18 Granada, Alijis, Estefania, 10, 12, 16, 22, 24, 34, 36, 37, and 40;

19 **WHEREAS**, Bacolod City residents are opposing among others the projected 75% likelihood of
20 increase on the basic water rates during the 25-year lifetime of the joint venture, and the
21 imposition of 12% value-added tax which is currently not applied on water services by
22 BACIWA;

23 **WHEREAS**, current BACIWA consumers are also opposing the plan under the contractual
24 joint venture with PrimeWater to tap the already depleted groundwater of Bacolod City, instead
25 of a public-to-public or district-to-district partnership to tap surface waters with the neighboring
26 local governments of municipality of Murcia, and cities of Bago and Talisay;

27 **WHEREAS**, the BACIWA Employees Union-NAFLU, the registered and recognized union of
28 rank-and-file employees of BACIWA, further opposes the private-public partnership between
29 PrimeWater and BACIWA. The planned privatization of BACIWA will directly affect the
30 security of tenure of more than 500 employees, including those considered as job order casuals,
31 with no assurance that they will be absorbed by the new management under the joint venture;

32 **WHEREAS**, Bacolod City residents, consumers and employees of BACIWA are also concerned
33 on the complaints by the consumers on the quality of the water services, and the Commission
34 on Audit observations against PrimeWater’s other joint ventures;

35 **WHEREAS**, on a letter dated August 9, 2009, San Pedro City, Laguna Mayor Lourdes Cataquiz
36 called the attention and met with the officials of PrimeWater to discuss the numerous reports
37 and complaints regarding the unsatisfactory services on the delivery of water supply within the
38 city. The San Pedro Water District has a 25-year joint venture agreement with PrimeWater. Non-
39 potable water and intermittent water supply, unreliable billing and meter reading, and the
40 projected increase from the current rate of P280 per 10cu.m. to P499.53 in 227, were the
41 complaints of the residents and consumers of PrimeWater in San Jose Del Monte, Bulacan. The
42 San Jose Del Monte Water District has also an existing joint venture agreement with
43 PrimeWater. Finally, the Commission on Audit-Regional Office No. X on its 2018 Audit Report
44 of the Metro Ozamiz Water District stated that their joint venture agreement with PrimeWater is
45 contrary to Section 20 of P.D. 198 or the Provincial Water Utilities Act of 1973. Transactions
46 under said joint venture agreement were not submitted to COA for audit;

47 **WHEREAS**, there is a need for Congress to review the continuing privatization of water,

1 including those of local water districts – a very important resource and vital and basic need of
2 our people – in the country considering the negative impact on the rights of the people to safe,
3 affordable and accessible water and on the job security of workers. Congress must initiate
4 legislative measures to reverse water privatization, improve water access and services to the
5 people, and save the public from the profiteering of big private companies;

6 **NOW THEREFORE, BE IT RESOLVED** that the House of Representatives, through the
7 Committee on Government Enterprise and Privatization, to investigate, in aid of legislation, the
8 proposed joint venture agreement between Bacolod City Water District (BACIWA) and Prime
9 Water Infrastructure Corporation (PrimeWater) and its impact to the provision of water services,
10 and security of tenure of employees of the water district.

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13 *Adopted,*

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REP. FERDINAND R. GAITE
Bayan Muna Partylist

REP. CARLOS ISAGANI T. ZARATE
Bayan Muna Partylist

Cullamat
REP. EUFEMIA C. CULLAMAT
Bayan Muna Partylist