

FDC to MWSS-RO: Stop Manila Water's rate hike petition

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By: Water Campaign

Freedom from Debt Coalition

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The Freedom from Debt Coalition (FDC) today strongly urged the Metropolitan Waterworks and Sewerage Services- Regulatory Office (MWSS-RO) to stop the P14 per cubic meter rate increase being proposed by the Manila Water Company Inc. (MWCI) beginning January 2008.

In a nine-page position paper signed by outgoing FDC president Ana Maria R. Nemenzo which was submitted to MWSS-RO and MWCI on Tuesday, the group said that the proposed rate hike is unjust and should not be imposed upon the consumers of the Metro Manila East Zone.

"Water, next to air, is vital for human survival. Therefore, access to water is one of the most basic human rights. It is injustice to the people to be deprived of this right because of high rate as a consequence of the full cost recovery mechanism that private water concessionaires seek and that the MWSS-RO allows," FDC said in its position paper.

The rate rebasing exercise aims to review past and future expenditures and adjust water rates. This is pursuant to the Concession Agreement signed by the government and the private companies that won the bid for the East and West Zone concession—MWCI and Maynilad Water Services Inc, respectively.

Among the many points it raised against the proposed water rate hike, the FDC highlighted Manila Water's absence of due diligence and the inclusion of non-existent projects in their projections and targets.

"One of the projects included in the service targets for their first five years was the Wawa Dam project—one of the potential new sources of water at that time to be tapped to increase the volume of water produced for the East Zone. Supposedly, this would also help augment the water pressure and coverage in their concession area as well," FDC said.

"According to Manila Water's first rate rebasing proposal, this project was supposed to be completed by 2003. However, it is almost 2008 and the project has yet to materialize. If Manila Water had included this in their service projections for 2003, then they must have already collected the necessary revenues for this project alone. A comprehensive accounting report for this should have been presented," the group added.

FDC also contended another cause of the "exceedingly high, unjust water rate increase proposal of Manila Water" is the Laiban Dam, in which funds were incurred from a \$1 billion Chinese official

development assistance (ODA) loan.

“Since Manila Water insists on continuing this project despite the strong opposition from civil society groups and indigenous peoples because of its negative environmental, social and financial costs, we find that there is absence of any due diligence in Manila Water’s actions. We also find it necessary that the Laiban Dam project should not be included in the projections because it is after all, non-existent,” FDC added.

FDC expressed its concern about the project and forewarned the public and government to treat Laiban Dam with caution and suspicion, citing the country’s experience with the ZTE-national broadband network deal, another Chinese-funded ODA loan.

Manila Water’s holiday gift to consumers: P14/cu. m. rate hike

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Manila Water’s holiday gift to consumers: P14/cu. m. rate hike

Members of Freedom from Debt Coalition (FDC) and Progresibong Alyansa ng Tagatangkilik ng Tubig sa Kamaynilaan (PATTAK) brought holiday gift packages and Christmas lanterns as symbols of their protest against Manila Water Company Inc.’s proposal to increase rates by P14/cu. m. starting January 1, 2008.

“This has always been the concessionaires’ gift to us - business driven interests, thus leading to unabated rate increases. Their ambitious service projections, and other contentious areas within their rate proposal, should not be passed on to consumers, regardless of the holiday season,” said FDC campaigner Obet Belandres.

On December 4, 2007, FDC submitted a nine-page position paper to Metropolitan Waterworks and Sewerage Services- Regulatory Office (MWSS-RO), stressing that the proposed rate hike is unjust and should not be imposed upon the consumers of the Metro Manila East Zone.

MWCI is currently exercising a rate rebasing which aims to review past and future expenditures and adjust water rates. This is pursuant to the Concession Agreement signed by the government and the private companies that won the bid for the East and West Zone concession—MWCI and Maynilad Water Services Inc, respectively.

The groups stressed that water, next to air, is vital for human survival and therefore, access to water is one of the most basic human rights. “It is injustice to the people to be deprived of this right because of high rate as a consequence of the full cost recovery mechanism that private water concessionaires seek and that the MWSS-RO allows,” they added.

“Aside from questionable service projections in their rate increase proposal, Manila Water has

always been maximizing ways and mechanisms to profit from their service area, East Zone. One of these is the income tax holiday that they acquired until the year 2006, not to mention other collecting mechanisms such as the Extra-ordinary Price Adjustment (EPA) and Currency Exchange Rate Adjustment (CERA),” Belandres said.

FDC has vowed to continue exposing and opposing any means Of the concessionaires to pass on unjust water rate increases to consumers and violations on the human right to water in the upcoming days, putting emphasis on popular education to expose the concessionaires’ profit-driven actions.