

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

H. B. No. 4368

Introduced by Rep. Vilma Santos-Recto
6th District of Batangas

AN ACT
PROTECTING CONSUMERS FROM UNREASONABLE FEE INCREASES
BY PROVIDING FOR A CONSUMER GROUP REPRESENTATION IN THE
GOVERNING BOARDS OF GOVERNMENT REGULATORY BODIES,
AMENDING FOR THE PURPOSE THEIR RESPECTIVE CHARTERS, AND
FOR OTHER PURPOSES

EXPLANATORY NOTE

The Philippine Statistics Authority reported that the Year-on-Year inflation rates in 2018 picked up by 5.2 percent from 2.9 percent in 2017.¹ The Philippines' full-year average inflation rate in 2018 is above the government's target range of 3 percent \pm 1.0 percentage point for the year.² Contributing to the upward movement are the rising world oil prices and other factors such as the effect of the Tax Reform Law on the price of petroleum products and the weakening peso.³

The public helplessly watch by as a succession of increases in the prices of goods and services relentlessly devour what is left of their purchasing power. It is now more expensive to travel by public transportation as fare rates are up in buses, taxis, and even commuter rail. Plying our toll roads had become almost unaffordable, while pump prices continue to fluctuate. Our phone, water and electric bills also steadily increase.

¹ Philippine Statistics Authority. Summary Inflation Report Consumer Price Index (2012=100): May 2019. <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-may-2019> (Accessed July 1, 2019)

² Inflation averages 5.2% in 2018: BSP. <https://www.pna.gov.ph/articles/1059321>. (Accessed July 1, 2019)

³ FAST FACTS: Philippine inflation rate over the years. <https://www.rappler.com/newsbreak/fast-facts/213604-things-to-know-philippine-inflation-over-the-years>. (Accessed July 1, 2019)

All of these unfold almost at the same time, as the Filipino consumer now turns to the government for relief. Unfortunately, this upsurge in the cost of basic necessities had been approved by government regulatory bodies despite heavy opposition from the public.

This fact tells us that the opinion of the public, as consumers and end-users of products and services, do not weigh heavily on public policy when the opposite should be true.

No less than the Philippine Constitution mandates that public participation, in the interest of transparency and effective governance, shall be promoted at all levels of social, political, and economic decision-making.

Furthermore, it is the duty of the State to provide for mechanisms in which the sectors concerned can actively participate, in particular, in the regulatory affairs of government.

Unfortunately, up to this day, a number of charters creating various government regulatory bodies – especially those concerned with determining rates of utilities, public transport, etc. – do not contain any provision of increasing public participation in their decision-making process.

As a result, numerous policy decisions in the past have been approved either without prior consultation from stakeholders or without full disclosure of its details in public forums, thereby compromising the ideals of participative policy-making and transparency.

This bill seeks to address all that.

Specifically, this measure aims to provide for the institutionalization of the participatory mechanisms for stakeholders by including at least one (1) representative coming from consumer groups belonging to the sector being regulated by the government regulatory body concerned, amending the charters creating the following regulatory bodies:

1. Land Transportation and Franchising Regulatory Board;

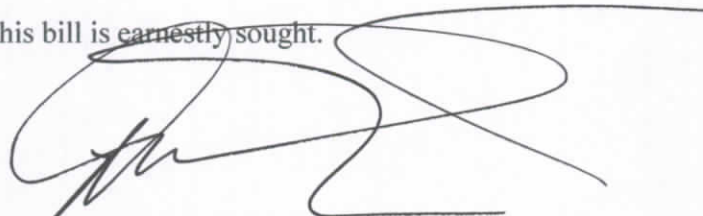
2. Toll Regulatory Board;
3. Energy Regulatory Commission;
4. Manila Waterworks and Sewerage System;
5. Local Water Utilities Administration; and
6. National Telecommunications Commission.

It calls for the creation of the position of Consumer Group Representative, who will sit on the Governing Boards of these regulatory bodies.

Once this bill is enacted into law, the public as a consumer would be well-represented in the Governing Boards of these regulatory bodies when they formulate public policy, particularly with regard to the approval of rate increases in the sector they regulate.

The bill also aims to prevent malicious activities and grave abuse of discretion committed by those who sit on the affected regulatory bodies because they will no longer be left unchecked as representatives of sectors concerned will have direct participation over decision-making affairs at the top level.

In view of the foregoing, the passage of this bill is earnestly sought.



VILMA SANTOS-RECTO

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*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

1 Section 1. *Title.* – This Act shall be known as “Consumer Group
2 Representation in Regulatory Bodies Act.”

3 Sec. 2. *Declaration of Policy.* – Pursuant to the constitutional mandate that
4 the right of the people and their organizations to effective and reasonable participation
5 at all levels of social, political, and economic decision-making shall not be abridged,
6 and the State shall, by law, facilitate the establishment of adequate consultation
7 mechanisms, the State shall:

8 a.) prevent the concentration of power and information in a few persons or
9 government organizations;

10 b.) adopt and implement a policy of full public disclosure of all its
11 transactions involving public interest thereby promoting transparency and
12 accountability; and

13 c.) ensure the protection and advancement of consumer welfare by mandating
14 the inclusion of consumer group representatives in the Governing Boards
15 of government regulatory bodies.

16 Sec. 3. *Consumer Group.* – For purposes of this Act, a consumer group shall
17 refer to a representative organization, registered under the Securities and Exchange
18 Commission, which has been established and organized to cater to a national

1 constituency, and whose mandate includes the protection of the interests and rights of
2 consumers in a specific sector that is being regulated by a government regulatory
3 body.

4 Sec. 4. *Coverage.* – The Governing Boards of the following government
5 regulatory bodies shall include at least one (1) member who shall represent the
6 consumer group belonging to the sector being regulated by the government regulatory
7 body concerned:

- 8 a. Land Transportation and Franchising Regulatory Board, created by
9 Executive Order No. 292;
- 10 b. Toll Regulatory Board, created by Presidential Decree No. 1112;
- 11 c. Energy Regulatory Commission, created by Republic Act No. 9136;
- 12 d. Manila Waterworks and Sewerage System, created by Executive Order No.
13 1036;
- 14 e. Local Water Utilities Administration, created by Presidential Decree No.
15 198, as amended; and
- 16 f. National Telecommunications Commission, created by Executive Order No.
17 546.

18 Such member of the respective governing boards of the aforementioned
19 government regulatory bodies shall be called the Consumer Group Representative.

20 The Consumer Group Representative shall perform the same functions, shall
21 have the same voting rights, shall be paid the same salaries, remunerations and
22 emoluments, and enjoy the same privileges as those enjoyed by the other members of
23 the Governing Board of the government regulatory authority concerned.

24 Sec. 5. *Qualifications of Consumer Group Representative.* – The Consumer
25 Group Representative to be appointed should be a natural born citizen of the
26 Philippines, at least thirty (30) years of age, able to read and write, a bona fide
27 member of the Consumer Group which the appointee seeks to represent for at least
28 two (2) years prior to the appointment, and has never been convicted of any
29 administrative, civil or criminal offense involving moral turpitude.

30 The Consumer Group Representative should also have at least five (5) years of
31 known advocacy in the consumer sector the appointee represents.

32 If, at any time during the appointment, the Consumer Group Representative
33 ceases to be a bona fide member of the respective consumer group through expulsion,
34 resignation, or any manner of removal sanctioned by its organizational by-laws, the

1 position of Consumer Group Representative shall automatically be declared vacant
2 and shall be filled up accordingly by initiating the appointment process as herein
3 provided.

4 Sec. 6. *Term of Office of the Consumer Group Representative.* – The term of
5 office of the Consumer Group Representative shall be two (2) years: *Provided, That,*
6 upon the expiration of the term, a member of the consumer group shall serve until a
7 successor shall have been appointed and qualified: *Provided, further, That* an
8 appointment to fill the vacancy that arises prior to the expiration of the term of the
9 Consumer Group Representative shall only be for the unexpired portion of such term:
10 *Provided, finally,* That no member of the Consumer Group shall be appointed for
11 more than two (2) consecutive or partial terms.

12 |
13 Sec. 7. *Appointing Authority.* – The President of the Republic of the
14 Philippines shall appoint the Consumer Group Representative subject to the
15 qualifications as herein provided, and to the limitations and prohibitions under
16 existing laws and statutes.

17 Sec. 8. *Implementing Rules and Regulations.* – Within sixty (60) days after
18 the effectivity of this Act, the Department of Budget and Management (DBM), in
19 coordination with the government regulatory agencies as enumerated under Section 4
20 of this Act shall formulate the rules and regulations to effectively implement the
21 provisions of this Act.

22 Sec. 9. *Separability Clause.* – If any portion or provision of this Act is
23 declared unconstitutional, the remainder of this Act or any provisions not affected
24 thereby shall remain in force and effect.

25 Sec. 10. *Repealing Clause.* – Any law, presidential decree or issuance,
26 executive order, letter of instruction, rule or regulation inconsistent with the
27 provisions of this Act is hereby repealed or modified accordingly.

28 Sec. 11. *Effectivity.* – This Act shall take effect fifteen (15) days following its
29 complete publication in two (2) newspapers of general circulation or in the *Official*
30 *Gazette.*

Approved,