We already know that power rates in the Philippines are the most expensive in Asia . What we do not know yet which will certainly make our collective blood pressure rise is that water rates in the country are also among the highest in the region. Using the same 2011 survey conducted by the Japan External Trade Organization (JETRO) on power rates in major Asian cities, I found out that the water rates in Cebu City and Manila rank fourth and fifth, respectively behind Sydney, Singapore and Jakarta. Yes, we are paying more expensive water than more developed cities like Hong Kong, New Delhi, Beijing, Seoul and others. (See Chart 1, click on image to enlarge) (Download the JETRO survey here)

I bring this up after hearing the news that the private water concessionaires of the Metropolitan Waterworks and Sewerage System (MWSS) have been allowed again to jack up their rates next year. A report by the BusinessWorld said that by January 2013, the ordinary customers of Maynilad Water Services Inc. or those with a monthly consumption of 30 cubic meters will see their bill increase by 22.52. Meanwhile, the customers of Manila Water Co. Inc. with the same level of monthly consumption will bear a 6-spike in their water bill. What a way to greet the New Year for some 13.3 million people in Metro Manila and nearby provinces who get their water from Maynilad and Manila Water.

Prior to these latest increases, Maynilad has already increased its average tariff from 4.96 per cubic meter when it first took over the MWSS's west zone service area in 1997 to 32.92 this year. During the same period, Manila Water which services the east zone has hiked its average tariff from 2.32 per cubic meter to 27.44. This means water rates have already ballooned by 564% to 1,083% since the MWSS was privatized 15 years ago. (See Chart 2, click on image to enlarge)

Like in the case of the power sector, privatization and the numerous anomalous perks granted to corporations are behind the incessant rise in our water bills. The concession agreement between the MWSS and the private water concessionaires allows automatic adjustment to protect the profits the Manny V. Pangilinan group (Maynilad) and the Ayala group (Manila Water). In case you did not know, these big business groups with close ties to President Benigno Aquino III do not only control our cellphone networks, roads, electricity, hospitals and soon our LRT and MRT, but also our water.

Anyway, what are some of these automatic adjustments? Take the case of the most recent water rate hike. Maynilad and Manila Water are increasing their basic charge to reflect the movement in the inflation rate as provided under their respective concession agreements with the MWSS. The said agency's Regulatory Office allowed a 3.2% adjustment in the consumer price index (CPI) to be applied to the private water concessionaires' current basic charge. What does this mean? It's a double whammy. Inflation rises because the costs of basic goods and services like food and utilities have gone up. And then water rates will further rise because of higher inflation. Another is the foreign currency differential adjustment (FCDA), which covers fluctuations in the exchange rate and affect the foreign-denominated loans of the concessionaires.

That's what the water privatization contract stipulates. It doesn't make sense to us poor consumers but it makes perfect sense for the Pangilinans and the Ayalas. Just look at their soaring profits to see why. In the first nine months of the 2012, Maynilad has amassed more than ₱5 billion in profits (13% higher than last year) while Manila Water has raked in ₱3.9 billion in profits (26% higher than last year).

Meanwhile, the water distribution system in Cebu City which has the fourth most costly rates in

Asia is being managed by the Metro Cebu Water District (MCWD). Though not yet privatized, MCWD like the rest of the other 860 water districts nationwide has also been under constant threat of privatization. This was the intention of Senator Edgardo Angara's Senate Bill (SB) 2997 . Fortunately, the proposal has been effectively derailed by the strong campaigning of the Water System Employees' Response (WATER), a national federation of water district employees. But the bill will certainly be revived after the midterm elections.

In the meantime, the water privateers continue to make inroads through other means. Earlier this year, the provincial government of Cebu has privatized its bulk water system through an agreement with guess who? Manila Water. Manny Pangilinan Manila Water has been on a buying spree of potable water systems around the country. Aside from the MWSS east zone and the Cebu bulk water project, his group it also controls the Boracay Island Water Co., the Laguna Water Co. (servicing the towns of Biñan, Cabuyao and Sta. Rosa) and the Clark Water Corp. in Pampanga.

The bad news is that the buying spree of our potable water systems and even water resources itself by the Pangilinans, the Ayalas, etc. and the consequent soaring user fees and marginalization of the poor will not end any time soon. In fact, the direction is the further expansion and consolidation of wealth and power of these big business groups through more privatization under the public-private partnership (PPP) of Mr. Aquino.

Just recently, the PPP Center announced that the administration's first PPP water project – the New Centennial Water Source Project – is already in progress. This mega-project costs about 25 billion and is seen to provide an additional water source for Metro Manila. Needless to say, a project this big to be undertaken by a profit-oriented consortium will translate to even higher user fees for us under the privatization principle of full-cost recovery. Government has lined up a total of 14 PPP projects that could affect our access to water including four multi-purpose

projects or the construction of dams for hydropower, irrigation and domestic water uses which cost some 50.75 billion; three hydropower projects, 39.24 billion; and three projects for potable water; 26.47 billion. The costs of the four other PPP projects have yet to be determined.

These are big-ticket items that will surely provide a bottomless well of profits for those who will bag them, which are most likely the same elite families and their foreign funders and partners that have been taking advantage of past privatization projects and Aquino's current PPP program. For us, it simply means even further exploitation and marginalization as most of us will find it increasingly harder to afford our basic human right to water for domestic use, for our livelihood and decent living.

Don't be surprised if soon we will have not just the most expensive electricity rates in the region but the most exorbitant water rates as well. ###

Read the original article here .