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### **ABSTRACT**

The study attempted to evaluate the effect(s) of environmental user's fee system (EUFS) not only in the Laguna de Bay Region itself, but also among all stakeholders, particularly user firms. The user firms referred in this study are those establishments which use the environment as the recipient of their wastes in the form of water.

The study attempted to establish a pulse monitor for the acceptance of the system by the user firms as a whole, and the individual polluters as well. This research also focused on EUFS' effects on the user firms' capacity to sustain their respective operations.

The environmental user's fee system (EUFS) is a pilot program of the Department of Environment and Natural Resources (DENR). Phase I of the program was implemented by LLDA in January 1997. During the launching stage of this EUFS, five (5) industrial sub-sectors were classified as critical lake polluters namely: food processing, piggeries and slaughterhouses, beverages, dyes and textile, and pulp paper. Biochemical oxygen demand (BOD) was the only parameter that was initially covered. In the succeeding phases of implementation, additional industrial sub-sectors were included such as food chain and restaurants, cluster dwelling and others. Consequently, total suspended solids (TSS) was added as a pollution parameter.

The EUF system revealed both positive and negative effects on the user firms. Positive effects included: (I) optimization of water consumption through adoption of waste minimization and recycling activities; (ii) application of best practices to improve the firms' operations; and (iii) promotion of environmental protection awareness among the polluter firms. On the other hand, the policy's negative effects were: (I) construction of wastewater treatment facilities as an added investment; (ii) profits of the small medium scale firms were reduced; and (iii) production output or sales especially among the small-scale firms was also reduced.

Furthermore, the study revealed that the positive effects of implementing EUFS far outweighed the negative effects. The study also recommends that the regulatory agencies concerned should consider amending some of their policies so that the negative effects. The study also recommends that the regulatory agencies concerned should consider amending some of their policies so that the negative effects of the program to the user firms, particularly small companies, could be addressed appropriately.