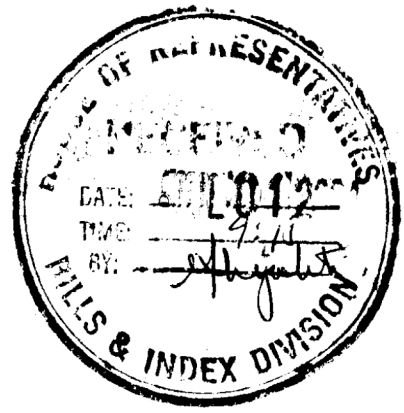
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 57



Introduced by: **REP. RAUL V. DEL MAR**

EXPLANATORY NOTE

It is declared policy of the State to promote the optimum development of all local government units, particularly the regional urban centers, as a necessary component of national growth and development. In the same vein, the government recognizes that transportation plays a vital role in the pursuit and prosecution of national efforts for the social and economic development of the country and its regions.

There is no question that progress- and the whole process of modernization to keep pace with competition for that matter - carries with it expanded economic and commercial activities with the resulting increase in movements of people and goods. This is most evident in Cebu City, Metro Cebu and Province of Cebu where expectations in the field of trade and commerce, tourism and industry have been surpassed. The economy is in good shape - and in good hands – and many things in this part of the region, despite the difficult times, are still looking up.

As part of Cebu City's, Metro Cebu's and Cebu Province's essential infrastructure requirements, an efficient, economical, safe , convenient, affordable and dependable mass transportation system is identified, and identified as urgent, , one that will directly and adequately address the demands of a growing population – residents, workforce, investors, tourists and visitors - in Cebu City, Metro Cebu and Cebu Province for fast and reliable mobility and considerably prevent the occurrence of worse traffic and transportation situations that hamper mobility and productivity. In the end, the envisioned transport facilities will contribute to the creation of a more competitive environment.

Appropriate studies – transportation, land use and development planning studies in Cebu City, Metro Cebu and Cebu Province – were conducted to guide transportation investments and operations, and the substance of the studies points to the construction, operation and maintenance of a light rail system as the form of mass transport system, the indicated or suggested response to alleviate the worsening traffic and transportation situation in Cebu City and Metro Cebu, and a railway system in Cebu Province.

It is in this context that the attached bill, seeking to create a Cebu Rail Transit Authority , a body corporate vested with the authority to construct and operate a light rail transport project and/ or a monorail transport system in Cebu City and Metro Cebu and a railway system in Cebu Province, is being introduced. The bill likewise provides for an organizational structure that will oversee the effective implementation of the project in the most practicable, expeditious, efficient and organized manner and that will likewise seek the more active participation and cooperation of the private sector - the objective is to mobilize the private sector to finance or help finance other mass transport systems in view of budgetary constraints - to help in the operation , development and maintenance of the transport facilities.

Approval of the bill is therefore earnestly sought.

RAUL V. DEL MAR

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 57

Introduced by: **REP. RAUL V. DEL MAR**

AN ACT
CREATING A CEBU RAIL TRANSPORT AUTHORITY , VESTING THE SAME WITH AUTHORITY TO CONSTRUCT AND OPERATE THE LIGHT RAIL TRANSPORT PROJECT IN CEBU CITY AND METRO CEBU AND RAILWAY SYSTEM IN THE PROVINCE OF CEBU AND PROVIDING FUNDS THEREFOR.

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

SECTION 1. ***Declaration of Policy.*** – It is hereby declared to be the policy of the State to provide, promote and encourage the optimum development of transportation facilities and common carrier services in all regions of the country as essential for urban development and progress . Towards this end , it is deemed essential to construct, establish and operate an efficient , economical, safe, convenient, affordable and dependable mass transportation system that shall truly address the demands of a growing population in metropolitan areas for fast and reliable mobility, consistent with the requirements of expanding economic activities and increasing movements of people and goods, provide an organizational structure that will oversee the effective implementation of this mass transport system in the most practicable, expeditious, efficient and organized manner, and foster rational and sound cooperation between the government and the private sector to meet the mass transportation requirements of the country's regional urban centers.

SEC. 2. ***Creation of Authority.*** – To carry out the aforesaid declared policy of the State , there is hereby created a corporate body to be known as the Cebu Light Rail Transport Authority, hereinafter called the "Authority ", which shall be directly and primarily responsible for the construction, operation, maintenance, and/or lease of light rail transport systems or other forms of mass transportation system in the City of Cebu and Metro Cebu and railway system in

and the committees assigned to them by their principals and receive the corresponding per diem, whenever their principals are absent or said positions are vacant.

The Chairman and each Member of the Board shall receive a monthly commutable representation allowance of Five Thousand (P5,000.00) Pesos and a per diem of One Thousand (P1,000.00) Pesos for every meeting of the Board actually attended: *Provided,* That the total amount of per diem which each may receive shall not exceed Five Thousand (P5,000.00) Pesos a month.

SEC. 5. ***Corporate Powers.*** – The Authority, through the Board of Directors, may undertake any and all actions as are proper and necessary, expedient or incidental to the attainment of the purposes and objectives of the Authority. As such, the Authority shall have the following general corporate powers:

(1) To have continuous succession under its corporate name, until otherwise provided by law;

(2) To prescribe, amend, and/or repeal its by-laws;

(3) To adopt and use a seal and alter it at its pleasure;

(4) To sue and be sued;

(5) To contract any obligation or enter into, assign or accept the assignment of, and vary or rescind any agreement, contract of obligation necessary or incidental to the proper management of the Authority;

(6) To borrow funds from any source, private or public, foreign or domestic, and to issue bonds and other evidence of indebtedness, the payment of which shall be guaranteed by the National Government, subject to existing and pertinent laws on borrowing ;

(7) To acquire, receive, take and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, from foreign and domestic sources, any asset, grant or property, real or personal, subject to such limitations as are provided in existing laws; to convey or dispose of such assets, grants, or properties, movable and immovable; and invest and/or reinvest such proceeds and deal with and expand its assets and income in such a manner as will best promote its objectives;

(8) To improve, develop or alter any property held by it;

(9) To carry on any business, either alone or in partnership with any other person or persons;

(10) To employ an agent or contractor or perform such things as the Authority may perform;

(11) To exercise the right of eminent domain, whenever the Authority deems it necessary for the attainment of its objectives;

(12) To prescribe rules and regulations in the conduct of its general business as well as to fix and implement the terms and conditions of its related activities;

(13) To determine the fares payable by persons traveling on the light rail system, in consultation with existing government regulatory authorities;

(14) To establish, operate, and maintain branches or field offices when required by the exigencies of its business;

(15) To determine its organizational structure and the number, positions and salaries of its personnel, subject to pertinent organization and compensation law; and

(16) To exercise such powers and perform such duties as may be necessary to carry out the business and purposes for which the Authority was established or which, from time to time, may be declared by the Board of Directors to be necessary, useful, incidental or auxiliary to accomplish such purposes; and generally, to exercise all powers of an Authority under the Corporation Law that are not inconsistent with the provisions of this Act.

SEC. 6. ***Specific Powers.*** – The Board shall have the following specific powers:

(1) To provide comprehensive policy guidance for the development, operation, and promotion of a light rail transport (LRT) or monorail transport system or any other appropriate modern Mass Transport System in Cebu City, Metro Cebu and Province of Cebu as provided for in this Act;

(2) To formulate a comprehensive and practicable plan/program for the early completion of an LRT system in Cebu City, Metro Cebu and a railway system in the Province of Cebu; to employ the necessary consultancy services therefor and to organize, and employ personnel for a Project Management Office that will supervise the construction of the said LRT or Monorail or any other appropriate modern Mass Transport System;

(3) To borrow or otherwise to raise money and charge all or any part of its properties as security therefor;

(4) To create and issue bonds, notes or other securities which may be charged on the property, undertaking and/or revenue of the Authority or any part thereof;

(5) To invest any funds of the Authority available for investment;

(6) To cooperate, coordinate, and exchange such information, studies, and reports with, and to seek the cooperation of other agencies and instrumentalities of the National Government including government-owned or controlled corporations, as will be most effectively conducive to the achievement of the purposes of this Act;

(7) To provide managerial or administrative expertise including the rendering of professional and training services for the development of the staff and employees of the Authority;

(8) To appoint, discipline, and remove personnel of the Authority in accordance with laws; and

(9) To report annually to the President of the Philippines on the status of its operations and finances, not later than three (3) months after the year end; and

SEC.7 ***Management.*** – The management of the Authority shall be headed by an Administrator, who shall be assisted by two (2) Deputy Administrators. The LRT Administrator and Deputy Administrators shall be citizens of the Philippines, at least thirty-five (35) years old on the date of their appointments, of good moral character or recognized executive ability and competence, with adequate training in either transport planning, management and economics, finance, law, public utility or other transport related aspects. They shall be appointed by the President.

SEC. 8. ***Powers and Duties of the Administrator.*** – The Administrator shall have the following powers and duties:

(1) To implement, enforce, and apply the policies, programs, plans, standards, guidelines, procedure, decisions, rules and regulations issued, prescribed, or adopted by the Board;

(2) To undertake studies, investigations, and other activities related to the operations, on his own initiative or upon instructions of the Board, and to submit comprehensive reports and appropriate recommendations to the Board for its information and action;

(3) To undertake studies for present and future requirements of development of the LRT project expansion, in consultation with appropriate agencies;

(4) To manage the affairs of the Authority, subject to the provisions of this Order and applicable laws, orders, rules and regulations;

(5) With the approval of the Board, to determine the staffing pattern and the number of personnel of the Authority and to define their functions and duties;

(6) To regularly inspect the LRT facilities and operations and recommend measures to maintain a high standard of safe, fast and reliable service;

(7) To establish and maintain, in coordination with the appropriate government offices and agencies a regular and prompt information system regarding traffic flows, LRT operations, finance and other related data;

(8) With the approval of the Board, to delegate such functions and duties to the Deputy Administrators or other ranking officials of the Authority for the efficient administration and management thereof;

(9) To perform such other duties as the Board may assign and such acts as may be necessary and proper to implement this Act.

SEC. 9. ***Organizational Structure*** **.** – The Authority shall establish and maintain such departments and support offices as it may deem necessary for the proper and efficient transaction and/or operation of its business. The powers and duties of the departments shall, by appropriate issuances or implementing rules, be determined by the Board: *Provided,* That the office of the Chief Legal counsel of the Authority, which shall be separate and distinct from and independent of the Office of the Government Corporate Counsel, shall advise and represent the Authority in all legal matters, procedures and actions.

SEC. 10. ***Supplies and Services Other Than Personnel.*** – All purchase of supplies or contracts for services, except for personal services, entered into by the Authority, shall be done through competitive public bidding as provided under existing laws : *Provided,* That bidding shall not be required when an emergency, as certified by the Administrator, requires immediate delivery of the supplies or performance of the services, and the aggregate amount involved in any one purchase of supplies or procurement of services does not exceed Fifty Thousand Pesos, in which case, such purchase or procurement may be made in usual course of business: *Provided, further,* That the Authority's emergency purchase of supplies and services shall not exceed the amount of One Hundred Fifty Thousand Pesos for any one month: *Provided, finally,* That in comparing bids and in making awards, the Authority shall consider such factors as the cost and relative quality and adaptability of supplies or services; the bidder's financial responsibility, skill, experience, integrity, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and the bidder's compliance with the specifications desired.

SEC. 11. ***Domestic Indebtedness.*** – Whenever the Board deems it necessary for the Authority to incur indebtedness by contracting loans with domestic financial institutions or to issue bonds to carry out the purpose for which the Authority has been organized, it shall, by resolution, so declare and state the purpose for which the proposed debt is to be incurred and such terms and conditions as it shall deemed appropriate for the accomplishment of the said purpose; *Provided,* That in the case of bond issues, the same shall be subject to the approval of the President of the Philippines, upon recommendation of the Secretary of Finance.

The bonds issued under the authority of this section shall be exempt from the payment of all taxes by the Republic of the Philippines, or by any authority, branch, division or political subdivision thereof, which parts shall be stated upon the face of said bonds.

A sinking fund shall be established by the Authority in such manner that the total annual contribution thereto, accrued at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, Bangko Sentral ng Pilipinas (BSP) , shall be sufficient to redeem at maturity the bonds issued under this section. The sinking fund shall be under the custody of the BSP, which shall invest the same, subject to the approval of the Board and the Secretary of Finance in consultation with the Monetary Board: *Provided,* That the proceeds thereof shall accrue to the Authority.

The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of the bonds or other evidences of indebtedness and shall pay such principal and interest, in case the Authority fails to do so. *Provided,* That the sums so paid by the Republic of the Philippines shall be refunded by the Authority; and *Provided, further,* That the Authority, to assure such refunding, shall establish reserves or sinking funds and comply with such other restrictions and conditions as the Secretary of Finance may prescribe and establish of that purpose.

SEC. 12. ***Foreign Loans.*** – The Authority is hereby authorized to contract loans, credits or indebtedness in any convertible foreign currency or capital goods, from foreign governments or any international financial institutions or fund source, or to issue bonds, the total outstanding amount of which, exclusive of interests, shall not exceed Six Hundred Million (P600,000,000.00) Pesos or the equivalent thereof in other currencies, on such terms and conditions as it shall deem appropriate for the accomplishment of its purposes and to enter into and execute agreements and other documents specifying such terms and conditions.

The President of the Philippines, by himself, or through his duly authorized representative, is herby authorized to negotiate and contract with foreign governments or any international financial institutions or fund sources, in the name and on behalf of the Authority, for the accomplishment of its purposes.

The President of the Philippines, by himself, or through his duly authorized representative, is hereby further authorized to guarantee, absolutely and unconditionally as primary obligor and not as surety merely, in the name and on behalf of the Republic of the Philippines, the payment of the loans credits, indebtedness and bonds issued up to the amount herein authorized, which shall be over and above the amount which the President of the Philippines is authorized to guarantee under existing laws, as well as the performance of all or

any of the obligations undertaken by the Authority in the territory of the Republic of the Philippines, pursuant to Loan Agreements entered into with foreign governments or any international financial institutions or fund sources.

Any loan, credit, indebtedness contracted by the Authority and the payment of the principal, interest and other charges thereon, as well as the importation of machinery, equipment, materials, supplies, and services paid from the proceeds of any such loan, credit or indebtedness shall be exempt from all direct and indirect taxes, customs duties, fees, imposts, other charges and restrictions, including import restrictions, previously and presently imposed and to be imposed by the Republic of the Philippines, or any of its agencies and political subdivisions.

SEC. 13. ***Exemptions from Taxes and Duties.***– The importation of equipment, machineries, spare parts, accessories, and other materials, including supplies and services, used directly in the operations of the Light Rail Transport System, not obtainable locally on favorable terms, out of any funds of the Authority including, as stated in Section 12 above, proceeds from foreign loans, credits or indebtedness, shall likewise, be exempted from all direct and indirect taxes, customs duties, fees, imposts, tariff duties, compensating taxes, wharfage fees and other charges and restrictions, the provisions of existing laws to the contrary notwithstanding.

SEC. 14. ***The Auditor.*** – The Chairman of the Commission on Audit (COA) shall appoint a representative who shall be the auditor of the Authority. He shall likewise appoint the necessary personnel to assist said representative in the performance of his duties. Subject to the approval of the Authority, the salaries of the Auditor and his staff shall be fixed by the COA Chairman. Salaries and other expenses for the auditor's office shall be paid by the Authority. The Auditor of the Authority and personnel under him may be removed only by the COA Chairman.

SEC. 15. ***Authority to Administer Oath.*** – The Chairman of the Board, the Administrator, the Deputy Administrators, and the Chief Legal Counsel of the Authority shall have the power to administer oaths in connection with the transaction of official business.

SEC. 16. ***Capitalization and Financing*** **.** – The Authority shall have an authorized capital of ONE BILLION PESOS (P1,000,000,000.00) which shall be fully subscribed by the Republic of the Philippines and other government institutions, corporations, instrumentalities, and agencies, whether national or local, within the framework of their respective charters. The authorized capital shall be used for the purpose of financing the Authority's business transactions and shall be paid as follows:

(1) The sum of FOUR HUNDRED MILLION PESOS (P400,000,000.00) to be taken from the general fund in the National Treasury out of appropriations available for the purpose.

(2) The balance of the authorized capital amounting to SIX HUNDRED MILLION PESOS (P600,000,000.00) shall be released from the National Treasury out of appropriations available for the purpose, or subscribed and paid by government institutions as may be authorized pursuant to this Section, with the approval of the President.

SEC. 17. ***Initial Debt.*** – The Authority shall be indebted to the Government, or any of its departments, bureaus, agencies or offices, in a sum equal to all expenditures, directly or indirectly advanced or incurred by the Government or any of its departments, bureaus, agencies or offices, in relation to the investigation, planning and/or construction of the light rail transport system or monorail system . The Department of Finance shall, upon prior notice, determine the accuracy and reasonableness of such advances or indebtedness.

SEC. 18. ***Penalties.*** – Any person who willfully or maliciously gives false or misleading data or information, or conceals or falsifies a material fact, in any investigation, inquiry or hearing, or other proceeding held by the Board or the Authority or any one duly acting in their behalf, shall be dealt with according to the pertinent provisions of existing penal laws.

SEC. 19. ***Repealing and Separability Clause.*** – All laws, decrees, orders, rules and regulations, policies, programs or parts thereof, that are inconsistent with any of the provisions of this Order, are herby repealed, amended or modified accordingly.

If for any reason, any section or provisions of this Act is declared to be unconstitutional or invalid, the other sections or provisions hereof, which are not affected hereby, shall continue in full force and effect.

SEC. 20. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspaper of general circulation.

Approved,