Republic of the Philippines.
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

House Bill No. 191

Introduced by **HONORABLE JOSE C. DE VENECIA, JR.**

EXPLANATORY NOTE

This representation, together with some twenty (20) other congressmen, rode one of the trains from Manila to Calamba, Laguna, in order to see for ourselves the condition of the railway industry in our country. We had taken our cue from Her Excellency, President Gloria Macapagal Arroyo, who also inspected and rode on such a train a few days before.

That the trains are dilapidated is an understatement. The railway coaches are filthy, fiery hot, and literally dangerously sandwiched by squatter shanties as close as six inches on either side of the tracks. Indeed, our people may be right in calling them moving coffins. Sadly, the train-riding public has conceded that it cannot expect any help from the government because its hands are tied by the lack of funds.

However, several international groups have signified their intention to undertake the organization of an international consortium that will rehabilitate and modernize our railways. Estimated costs for the construction and rehabilitation of major railway lines is around $ 1 billion. The proposed railway projects include: 1) Upgrading of Main Line South; 2) Rehabilitation of Main Line North; 3) Construction of Poro Pt. – Batac, Ilocos Norte Railway Line; 4) Construction of Batangas Railway Line; 5) Sorsogon Railway Extension; 6) Rehabilitation of Panay Railway Line; and, 7) Construction of Iligan City – Cagayan de Oro Railway Line.

It's now or never. This should be our battle cry in our efforts to support the administration's all out campaign to eradicate poverty in the countryside and in the sub-urban slums that paint our metropolis.

People are completely tired of politicians who fail to act on the country's most pressing problems. This undertaking will dramatically help solve problems on, among others, unemployment, squatting, criminality, traffic and spur the creation of new communities along route lines. This will also restore some of the loss of competitive advantage of rail transport over road transport that has occurred over the last 20 years, especially in the Metro Manila area.

For this reason, we in government must do our part by laying the blueprint that will effect the much-needed reforms in the railway industry. These reforms are expected to implement a new institutional structure and regulatory framework in the industry, and encourage more private sector participation in rail infrastructure development and transport operations.

In view of the foregoing, I urge the expeditious consideration and passage of this bill.

JOSE C. DE VENECIA, JR.

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Introduced by **HONORABLE JOSE C. DE VENECIA, JR.**

AN ACT ACCELERATING THE DEVELOPMENT OF A NATIONAL RAILWAY SYSTEM, CREATING FOR THE PURPOSE THE NATIONAL RAILWAY AUTHORITY, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES

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

SECTION 1. ***Title.*** - *This* Act shall be known as the "National Railways Act".

SEC. 2. ***Declaration of*** **Policy.** - It is hereby declared the policy of the State to promote, accelerate and develop an integrated national railway system to provide and maintain an adequate, efficient, inexpensive, convenient and reliable public transport system responsive to the needs of the citizenry for the socioeconomic development of the country.

SEC. ***3. Creation of the National Railway Authority.*** - There is hereby created a corporate body to be known as the National Railway Authority (NRA), hereinafter referred to as the "Authority". It shall have its principal office in the Metropolitan Manila Area, but may establish branches and agencies elsewhere within the country, as may be necessary for the proper conduct of its business and discharge of its functions, It shall be under the direct control and supervision of the Office of the President.

SEC. 4. ***Functions of the NRA.*** - The Authority shall have the following functions:

(a) Formulate and adopt a comprehensive development plan for a national railway system with ecological and environmental standards;

(b) Promote and encourage the active participation of the private sector, both local and international, in the development and implementation of a comprehensive development plan;

(c) Implement or cause the implementation of the national railway plan, policies and programs according to a schedule of priorities consistent with the needs and available resources;

(d) Control and develop, construct, operate and maintain railway facilities including parking stations and terminals for freight, goods and cargoes;

(e) Regulate the schedule, frequency, routing and pricing of railway services; and

(f) Call upon any government agency for such assistance as may be necessary in the discharge of its duties and functions.

SEC. 5. ***General Powers of the NRA.*** - The NRA will also have the following powers:

(a) To have continuous succession under its corporate name;

(b) To sue and be sued;

(c) To adopt, alter and use a corporate seal;

(d) To amend, and repeal its By-Laws;

(e) To acquire, own, hold, administer and lease such real or personal property as it deems necessary or convenient in the transaction of its business and to lease, mortgage, sell, alienate or otherwise dispose of any such real or personal property held by it;

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

(g) To contract loans, indebtedness and credit accommodations, in any local or convertible foreign currency, from any international financial institution, foreign government entities and local or foreign private commercial banks or similar institutions under terms and conditions prescribed by law, rules and regulations, and to issue commercial papers and bonds in connection therewith;

(h) To invest its funds and other assets in such areas it may deem proper in the course of its operations;

(I) To construct, own, lease, operate and maintain public utilities, infrastructure facilities and such auxiliary support services needed to develop and operate, and maintain a national railway system;

(j) To design, construct, maintain, and operate by itself or by delegation to, or through contractual arrangement such auxiliary infrastructure support facilities as, but not limited to, parking structures above or below ground, including the means of access;

(k) To fix rates of railway transportation fee;

(1) To regulate rates of fees, such as but not limited to, parking fees, porterage fees and such other fees levied in relation with the use of the railway system;

(m) To prescribe, fix and regulate the route of railway transport;

(n) To receive donations, grants, bequests and assistance of all kinds and to utilize the same;

(o) To exercise the right of eminent domain in the name of the Republic of the Philippines and in the acquisition of real estate by excess condemnation or escheat proceedings, including appurtenant properties. The title thereto shall be registered in the name of the Government and thereupon all such properties shall be entrusted to the Authority as agent of the Government;

(p) To form, establish, organize and maintain subsidiary corporations or joint ventures formed in accordance with the Philippine Corporation Code, to encourage public and private sector participation in the development of the railway system;

(q) To privatize any part or all of the railway system or any subsystem under the Authority, in accordance with the law;

(r) To promulgate such rules and regulations as may be necessary to carry out the objectives of this Act; and

(s) To perform such other powers as may be necessary to carry out the purposes of this Act.

SEC. 6. ***Conduct of Comprehensive Studies.*** - The Authority, in coordination with such other government agencies as may be necessary, shall undertake comprehensive studies for the rehabilitation and/or construction of, but not limited to, such railway lines extending from San Fernando. La Union to Laoag, Ilocos Norte; from Laoag Ilocos Norte to Metro Manila passing through Cagayan, Isabela, Nueva Vizcaya, Nueva Ecija and Bulacan; southline rail extension from Comun, Camalig, Albay to Matnog, Sorsogon

through Bulan, Sorsogon; a Libmanan-Daet line, a railway line from Iloilo City to Roxas City in Panay and a line from Iligan City to Cagayan de Oro City in Mindanao.

SEC. 7. ***Board of Directors.*** - The powers of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the "Board", which shall be composed of seven (7) members to be appointed by the President of the Philippines. The Chairman and three (3) members of the Board shall serve for four (4) years while the remaining three (3) members shall serve for three (3) years. Any member of the Board may be suspended or removed by the President of the Philippines at any time for cause. In the event of a vacancy in the Board, the appointees shall serve the unexpired term of the predecessor. No member of the Board shall be appointed unless he is a natural born citizen of the Philippines, at least thirty-five (35) years of age, of good moral character, competent and experienced in one or more of the following fields: transport planning, engineering, economics management, finance, corporate and transportation law, and marketing, The Chairman of the Board shall be designated by the President from among the members of the Board.

SEC 8. ***Powers and Functions*** **of** ***the Board.*** - The Board shall have the following powers and functions:

(a) To formulate policies, plans and programs, projects, rules and regulations to carry out effectively the functions of the Authority;

(b) To direct the management, operations and administration of the Authority;

(c) To create offices or positions necessary for the efficient operation of the Authority; to appoint and fix the remuneration and other emoluments of subordinate officers and personnel of the Authority in accordance with the Revised Compensation and Position Classification System, and to remove or otherwise discipline such officers/employees for cause in accordance with Civil Service Rules and Regulations;

(d) Establish financial and operations performance targets for management as basis for evaluating and monitoring corporate performance;

(e) To authorize such expenditures as are in the interest of the effective and efficient administration and operations of tile Authority; and

(f) To exercise such other powers as may be necessary to accomplish the purposes for which the Authority was organized.

SEC. 9. ***Management.*** - The general conduct of the operations and management of the Authority shall be vested in a president who shall serve as the chief executive officer primarily responsible for carrying out the program of the Authority and the policies of the Board. The president/chief executive officer must be natural-born citizen, at least thirty-five (35) years of age on the day of the appointment, of good moral character and with recognized executive ability and competence in the field of transportation, business administration, management, finance or law. He/She shall be appointed by the President of the Republic of the Philippines and shall serve for a term of six (6) years.

SEC. 10. ***Duties and Responsibilities*** **of** ***the President.*** – The president/chief executive officer of the Authority shall have the following duties and responsibilities:

(a) To execute, administer and implement the policies, programs. plans, guidelines, decisions, rules and regulations issued and adopted by the Board;

(b) To direct and supervise the operations and administration of the Authority;

(c) To determine, with the approval of the Board, the staffing pattern and the number of personnel of the Authority;

(d) To direct and supervise the preparation of the agenda for the meeting of the Board, and to submit for the consideration of the Board such policies and measures as he/she believes necessary to carry out the purposes and objectives of this Act;

(e) To represent the Authority in all dealings with other offices, agencies and instrumentalities of the Government and with all persons and entities, public or private, domestic or foreign; and

(f) To exercise such other powers and functions as the Board may assign or authorize.

SEC. 11. ***Public Accountability.*** - To ensure public accountability, the Authority shall be subject to the audit of the Commission on Audit (COA) and shall comply with all the generally accepted accounting and auditing rules and regulations and those which it may hereafter promulgate in pursuance of its constitutional mandate.

SEC. 12. ***Merit System.*** - *All* officials and employees of the Authority shall be selected and appointed on the basis of merit and fitness in accordance with the comprehensive and progressive merit system to be established by the Authority immediately upon its organization in accordance with Civil Service law, rules and regulations. The recruitment, transfer, promotion and dismissal of all its personnel including temporary workers shall be governed by such merit system.

SEC. 13. ***Prohibition Against Issuance of Restraining Orders and Preliminary Injunctions or Preliminary Mandatory Injunctions.*** - No court in the Philippines, except the Supreme Court, shall have the jurisdiction to issue any restraining order, preliminary injunction, or preliminary mandatory injunction in any case, dispute, or controversy involving any contract or project involving the NRA, to prohibit any person or persons, entity or government official from proceeding with, or continuing the execution or implementation of any such contract or project, or pursuing any lawful activity necessary for the execution, implementation or operation of such contract or project.

SEC. 14. ***Abolition of the Philippine National Railways and the Light Rail Transit Authority.*** - The Philippine National Railways and the Light Rail Transit Authority are hereby abolished. Their powers and functions, balance of appropriations and all applicable funds, records, assets, and property are transferred to and absorbed by the Authority. The Authority shall succeed to all rights and assume all contracts and liabilities of the herein abolished agencies in accordance with the auditing code and other pertinent laws, rules and regulations.

The existing qualified personnel of the Philippine National Railways and Light Rail Transit Authority covered by Civil Service law, rules and regulations shall be absorbed by the Authority. Those incumbents whose positions are not included therein or who are not re-appointed shall be deemed separated from the service or retired under existing laws and regulations.

SEC. 15. ***Applicability of the Corporation Law.*** - Insofar as they are not inconsistent with this Act, the provisions of the Corporation Law shall be applicable to the operations of the Authority.

SEC. 16. ***Congressional Oversight Committee.*** - *A* Congressional Oversight Committee is hereby created, composed of the Chairpersons of the Committee on Public Services and the Committee on Government Corporations of the Senate and the Chairpersons of the Committee on Transportation and Communications and the

Committee on Government Enterprises and Privatization of the House of Representatives and four (4) additional members from each House, to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The Oversight Committee shall, among others, monitor and ensure the effective implementation of this Act.

SEC. 17. ***Separability Clause.*** - If any of the provisions of this Act is declared invalid, the provisions thereof not affected by such declaration shall remain in force and effect.

SEC. 18. ***Repealing Clause.*** - *The* provisions of Republic Act No. 4156, as amended, Republic Act No. 6366, Presidential Decree No. 741, Executive Order No. 603 and Executive Order No. 210, are hereby repealed. All other laws decrees, orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 19. ***Effiectivity Clause.*** - *This* Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,