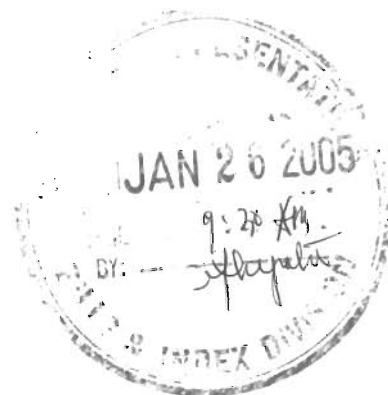




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Thirteenth Congress
First Regular Session



HOUSE BILL NO. 3647

Introduced by Honorable Catalino V. Figueroa

EXPLANATORY NOTE

This bill seeks the privatization of the Philippine National Railways (PNR) in order to relieve the taxpayers of the burden of operating and maintaining this non-performing asset of the government.

The PNR is once the crown jewel of our country's transportation industry. It had enhanced the mobility of the people and the various agricultural and industrial products in the Island of Luzon. For several years, the PNR had contributed much to the economic development and progress of our country, however, repair and maintenance of the railway system had been taken for granted, thus, its present condition. The PNR has been likewise reported to be mismanaged and riddled with graft and corruption. A recent Commission on Audit report in fact detailed overpricing in the procurement of PNR supplies, disappearing inventory of equipment and railway tracks, unremitted funds from leased properties and unpaid benefits due to employees.

The tragedy of the derailed train in Quezon Province on November 12, 2004 was perhaps the best proof of negligence, mismanagement and graft and corruption at the PNR. At present, the government subsidizes PNR. However, the cost of subsidy to this non-performing asset, aggravated by the losses incurred by the government in operating this railway system, increases budgetary deficit and further strain the limited resources of the government.

These and many more instances of anomalies at the PNR should convince the National Government that, more than funding the rehabilitation of the PNR, there is an immediate need to revamp its organization from top to bottom. Once the rehabilitation is completed, the PNR operations shall be privatized. Privatization of the PNR will mean more capital and competent personnel to man its operations. Also, privatization would dispose of such assets at the shortest possible time, and under such terms that permit substantial cash returns to the government. The proceeds of the sale shall be allocated to the priority projects of the government in agriculture, education, public health, public works and social services.

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



CATALINO V. FIGUEROA



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AN ACT
PROVIDING FOR THE PRIVATIZATION OF THE PHILIPPINE
NATIONAL RAILWAYS AND FOR OTHER PURPOSES.

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

SECTION 1. The Philippine National Railways shall be sold and disposed of at their current market value not later than one (1) year from the effectivity of this Act and proceeds thereof shall be allocated for the priority projects of the government in agriculture, education, public health, public works and social services.

SEC. 2. The Privatization and Management Office (PMO), under the Department of Finance, shall oversee, direct, supervise and coordinate privatization and marketing programs undertaken by the government in

connection with the sale or disposition of properties mentioned in Section 1 hereof. The General Manager of the Philippine National Railways shall participate in the deliberation of the PMO in the sale and disposition of the assets and properties of the PNR.

All assets of the PNR shall be sold in an open and transparent manner through public bidding.

SEC. 3. The implementing guidelines and regulations shall be issued by the PMO within thirty (30) days from the effectivity of this Act.

SEC. 4. The PMO shall submit to the President of the Philippines and to the Congress of the Philippines a monthly report on the status of its asset disposition program, which shall include a description of the property, inventory of assets and liabilities, the bidders or buyers, the consideration and the terms of payment.

SEC. 5. Any person, official or employee of the government institution involved with the implementation of this Act, who willfully violates the rules and regulations hereof or who is guilty of gross negligence in the performance of his duties or who shall disclose information of a confidential nature which is prejudicial to the interest of the government or use such information for personal gain shall be held liable for any loss or

injury to the government as a result thereof, without prejudice to other civil and criminal liabilities provided for by applicable laws.

SEC. 6. All laws, decrees, executive orders, rules and regulations, or parts thereof, inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

SEC. 7. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,