



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

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 4337



Introduced by Honorable Catalino V. Figueroa

EXPLANATORY NOTE

This bill seeks to establish a mass railroad transport system in the Island of Samar which covers the three (3) provinces of Western Samar, Eastern Samar and Northern Samar.

Transportation plays a vital role in national effort towards social and economic development of the country. When we refer to progress, mobility from place to place is one essential factor. Under Republic Act No. 4156 which created the Philippine National Railways, as amended by Republic Act No. 6366 which rehabilitated and modernized the Philippine National Railways, it was stated that the railway business should be administered with the view to serving the best interest of the public, and while aiming at its greatest utility by the public. The viability of its operation must be rendered at the minimum passenger and freight fare rate possible.

Samar used to be the third biggest province of the Philippines, until it was divided into three (3) provinces, namely: Northern Samar with Catarman as its capital, Eastern Samar with the premier town of Borongan as the capital and Western Samar retaining Catbalogan as its capital. Geographically, the government plan classified Region 8 as Eastern Visayas which includes the Samar provinces, Biliran and the two (2) Leyte provinces with the City of Tacloban as its regional center.

With the creation of the Samar Regional Railways, it is expected that the development, growth and progress of the agriculture-based provinces of Samar will be hastened. It will consequently generate employment, widen the market for goods and services and ultimately bring peace and order in the country. Hence, this bill. Its approval is earnestly urged.



CATALINO V. FIGUEROA



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

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 4337

Introduced by Honorable Catalino V. Figueroa

AN ACT
CREATING THE SAMAR REGIONAL RAILWAYS, PRESCRIBING
ITS POWERS, FUNCTIONS AND DUTIES, AND APPROPRIATING
FUNDS THEREFOR.

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

ARTICLE I
DECLARATION OF POLICY, CREATION OF THE OFFICE AND
DEFINITION OF TERMS

SECTION 1. *Declaration of Policy.* – It is hereby declared the policy of the State to promote, encourage and protect the region-wide railroad and transportation system and synchronize the railroad services in the most profitable, expeditious, and organized manner with maximum safety, utility, service, and cost effectiveness; and to foster sound economic conditions within the transportation industry on a region-wide basis.

SEC. 2. *Creation.* – There is hereby created a corporate body to be known as the Samar Regional Railways, hereinafter referred to as the Corporation, and which shall exist for a term of fifty (50) years from the date of approval of this Act. It shall have its main office in the Municipality of Catbalogan, Western Samar, and shall have its stations and agencies in the Municipality of Borongan in Eastern Samar and in the Municipality of Catarman or in any other place in the Samar Island as maybe necessary for the conduct of its business and discharge of its functions. The Corporation shall be attached to the Department of Transportation and Communication.

The Corporation shall conduct its business, according to prudent commercial principles and shall ensure, as far as possible, that its revenues, for any given year are at least sufficient to meet its expenditures.

SEC. 3. *Definition of Terms.* – For purposes of this Act, the following shall mean:

- a) Corporation – refers to the Samar Regional Railways;
- b) Board – refers to the Board of Directors of the Corporation;
- c) Betterments – refer to improvements of parts (minor items) of existing equipment through the replacement of inferior parts with superior parts;

d) DOTC – refers to the Department of Transportation and Communications;

e) Equipment – defined as the rolling stock devoted to rail transportation service and related services such as steam, electric or diesel automotive and other forms of motive power, passenger-train car, freight-train cars, work equipment, floating equipment, and the necessary appurtenances, furniture and fixtures thereof.

ARTICLE 2

PURPOSES AND SPECIFIC POWERS; BOARD OF DIRECTORS, COMPOSITION AND APPOINTMENTS

SEC. 4. *Purposes and Specific Powers.* – The Samar Regional Railways shall have the following purposes and specific powers:

(a) To own and operate railroads, tramways, and other kinds of land transportation, vessels and pipelines, for the purposes of transporting for consideration, passengers, freight, cargo and property between any points in the Samar archipelago;

(b) As an auxiliary to its main purpose, to own and operate powerhouses, hotels, restaurants, terminals, warehouses and other properties and to manufacture rolling stock, equipment, tools and other appliances;

(c) To construct and operate in connection with its railroad lines, toll viaducts and toll tunnels;

SEC. 5. *Board of Directors, Composition and Appointments.*

– The corporate powers of the Corporation shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, composed of the following:

- a) A Chairman to be appointed by the President;
- b) The General Manager of the Corporation who shall be the Vice Chairman;
- c) Executive Secretary or his representative;
- d) Deputy Director General of the National Economic Development Authority (Program and Projects);
- e) Undersecretary of Finance (Fiscal Affairs);
- f) Undersecretary of Transportation and Communication;
- g) Three (3) other members to be appointed by the President.

The appointive members of the Board who need not be stockholders of the Corporation shall be persons of good moral character, competent and experienced in one or more of the following fields: transport planning, engineering, economic, management, finance, corporate law or marketing.

The Chairman and the three (3) appointive members of the Board shall serve for a term of six (6) years: *Provided*, That in the initial appointments, one (1) member shall be appointed for a term of two (2) years, and two (2) members for six (6) years: *Provided, further*, That their successors shall serve for a term of six (6) years except any person appointed to fill the vacancy.

For actual attendance of meetings, the Chairman and the regular members shall receive a *per diem* of Five Thousand (P5,000.00) Pesos: *Provided*, That the travelling expenses, allowance and other fringe benefits shall not exceed Fifteen Thousand (P15,000.00) Pesos a month for each regular Director and Twenty Thousand (P20,000.00) Pesos for the Chairman.

ARTICLE 3

CORPORATE POWERS

SEC. 6. *Powers.* – The Corporation, through the Board of Directors, may undertake such action as expedient for or conducive to the attainment of the purposes and objectives of the Corporation, or of any purpose reasonably incidental to or consequential upon any of these purposes. As such, the Corporation shall have the following general powers:

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

(2) To prescribe, amend, and 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 Corporation;

(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 pertinent borrowing law;

(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 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 Corporation may perform;

(11) To exercise the right of eminent domain, whenever the Corporation 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 travelling on the railway system;

(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 Corporation 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 a Corporation under the Corporation Law that are not inconsistent with the provisions of this Act, or with other laws pertaining to government corporate budgeting, organization, borrowing, or compensation.

ARTICLE 4

BORROWING AUTHORITY

SEC. 7. *Domestic Indebtedness.* – Whenever the Board deems it necessary for the Corporation to incur indebtedness by contracting loans with domestic financial institutions or to issue bonds to carry out the purpose for which the Corporation 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 deem appropriate for the accomplishment of the said purpose; *Provided*, That in the case of bond issued, 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 Corporation 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, shall be sufficient to redeem at maturity the bonds issued under this section. The sinking fund shall be under the custody of the Bangko Sentral ng Pilipinas, 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 Corporation.

The Republic of the Philippines hereby guarantees the payment by the Corporation 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 Corporation fails to do so. *Provided*, That the sums so paid by the Republic of the Philippines shall be refunded by the Corporation; and *Provided, further*, That the Corporation, 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 for that purpose.

ARTICLE 5

DISCIPLINARY ACTION; PROHIBITORY ACTS

SEC. 8. *Suspension and Removal of Directors.* – Any member of the Board of Directors maybe suspended or removed by the President of the Philippines.

SEC. 9. *Prohibition for Board Members.* – No Chairman or member of the Board of Directors of the Corporation shall, at the same time, serve in the Corporation in any capacity whatsoever other than as Chairman or Member thereof, *unless* otherwise authorized by the President of the Philippines or any existing law for that matter.

ARTICLE 6

ORGANIZATION AND MANAGEMENT

SEC. 10. *Managing Head.* – The management of the Corporation shall be vested in the General Manager, who shall possess technical competence in railroad management, hold office for a term of eight (8) years without reappointment. He shall be appointed by the President of the Philippines with the consent of the Commission on Appointments.

In the performance of his functions regarding transportation and marketing, engineering, finance and administration, he shall be assisted

respectively by four (4) Assistant General Manager to be appointed by him who shall be removable for cause.

SEC. 11. *Powers and Duties of the General Manager.* – The General Manager of the Corporation shall have the following powers and duties:

a) To direct and manage the affairs and business of the Corporation on behalf of the Board of Directors, and subject to its control and supervision;

b) To sit in all meetings of the Board of Directors, as Vice Chairman, and participate in its deliberations, with the right to vote, and to preside over any meetings for or in the absence of the Chairman;

c) To submit, within sixty (60) days after the close of each fiscal year, an Annual Report, through the Board of Directors, to the office of the President of the Philippines;

d) To appoint and fix the number and salaries, with the approval of the Board of Directors, of such subordinate personnel as maybe necessary for the proper discharge of the duties and functions of the Corporation;

e) To remove, suspend, or otherwise discipline, for cause, any subordinate employee of the Corporation, with the approval of the Board of Directors;

f) To perform such other duties as maybe assigned to him by the Board of Directors from time to time.

SEC. 12. *Appointment and Promotion.* – In the appointment and promotion of officers and employees, merit and fitness shall serve as basis, and no political test or qualification shall be prescribed and considered for such appointment or promotion. Said officers and employees shall fall under the exempt class of the Civil Service.

As soon as possible after the approval of this Act and periodically thereafter, the Corporation shall conduct a management audit of all its personnel and shall dismiss such personnel who, under such audit and after due process, have been found to be inefficient, dishonest or unnecessary to the management of the Corporation.

Furthermore, the Corporation is empowered to hire technicians, Filipinos or otherwise, whose services are necessary in the business of the Corporation. Within one (1) year after the approval of this Act, the Corporation shall submit to the President of the Philippines an initiatory plan for a streamlined organizational structure of the Corporation.

ARTICLE 7

CAPITALIZATION AND FINANCING

SEC. 13. *Capitalization.* – The Corporation shall have an authorized capital of FIVE HUNDRED MILLION PESOS (P500,000,000.00) 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 Corporation's business transactions and shall be paid as follows:

(1) The sum of TWO HUNDRED MILLION PESOS (P200,000,000.00) 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 THREE HUNDRED MILLION PESOS (P300,000,000.00) shall be released from the National Treasury out of appropriations available for the purpose, or subscribed to and paid by government institutions as may be authorized pursuant to this Section, with the approval of the President.

SEC. 14. *Initial Debt.* – The Corporation 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 construction of the light rail transit system. The Secretary of Finance shall, upon prior notice, determine the accuracy and reasonableness of such advances or indebtedness.

ARTICLE 8

TAX AND DUTY EXEMPTIONS AND PORT CHARGES

SEC. 15. *Exemption from Taxes, Duties and Port Charges.* – The Corporation is hereby exempt from payment of all taxes of every kind and nature – municipal, city, provincial or national - upon its capital stock, franchise, right of way, earnings, and all other property owned or operated by it and all import duties on all railway materials, rolling stocks, spare parts, supplies and equipment imported in the Philippines for and by the said Corporation.

Moreover, the said exemption shall extend to wharfage dues, storage charges, arrastre and shipside charges, and special duties on such importation, and other port charges upon the carrying vessels whose entire cargo consists of materials for the construction of its projects and to such proportion of the prescribed port charges on other vessels as the tonnage of

materials for such construction or equipment may bear to the tonnage of the entire cargo of the vessel.

Furthermore, such exemption shall extend to the filing of the general importer's and general documentary bonds and warehouse bonds for the operation of its warehouses, whether general bonded warehouse or general order store.

ARTICLE 9

AUDIT

SEC. 16. *Audit Personnel and Report.* –

a) Personnel – The Chairman of the Commission on Audit (COA) shall appoint a representative who shall be the Auditor of the Corporation, together with the necessary personnel to assist the said representative in the performance of its duties.

b) Report – The financial transactions of the Corporation shall be audited in accordance with law. A report of audit for each fiscal year, by the representative of the COA Chairman, through the latter, to the Board of Directors of the Corporation, and copies thereof shall be furnished the President of the Philippines, the Senate President and Speaker of the House of Representatives.

Corollarily, the report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital and surplus or deficit, a statement and surplus or deficit analysis, statement of income and expenses, a statement of sources and application of funds and such comments and information as maybe necessary, together with such recommendations as maybe advisable.

Moreover, the report shall show any program, expenditures, or other financial transactions or undertaking observed in the course of the audit which, in the opinion of the COA Chairman, has been carried on or made without authority of law.

ARTICLE 10

LEGAL DEPARTMENT

SEC. 17. *Legal Department.* – Any provision of law to the contrary notwithstanding, the Corporation shall have its own legal department which shall assist and coordinate with the Office of Solicitor General. The Chief and members of the Legal Department shall be appointed by the General Manager with the approval of the Board of Directors.

ARTICLE 11

LIQUIDATION

SEC. 18. *Liquidation.* – When its term or period of existence has expired in accordance with the provisions of this Act, the Corporation shall nevertheless, continue as a body corporate for three (3) years after the time of its dissolution for the purpose of prosecuting and defending the suits filed by or against it and enabling it gradually to settle and close its affairs, to dispose of and convey its properties, but not for the purpose of continuing the business for which is was established.

To carry out its liquidation, upon the dissolution of the Corporation a Board of Liquidation shall be appointed by the President to take charge of working up its corporate affairs and effecting its liquidation.

ARTICLE 12

ROUTES

SEC. 19. *Routes.* – The transportation route shall include passing through the towns of Jiabong, Motiong, Hinabangan, Calbiga, Pinabacdan, Sta. Rita, Basey, Marabut, Sta. Margarita, Gandara, San Roque, with stopovers in Paranas, Basey, and the City of Calbayog in Western Samar. Going east, the route shall pass thru the towns of Lawaan,

Balangiga, Giporlos, Gen. McArthur, Llorente, Balangkayan, Maydolong, San Julian, Sulat, Taft, Can-avid, Dolores, Arteche and Jipapad, with stations in Quinapundan and Oras in Borongan in the province of Eastern Samar. Going north, the route shall include the town of Catubig, Pambujan, San Roque, Mondragon and Bobon with station in Catarman in the province of Northern Samar.

ARTICLE 13

REVERSION TO GENERAL FUNDS

SEC. 20. *Reversion to General Funds.* – Upon dissolution and liquidation of the Corporation, all its assets, including funds, shall revert to the general funds of the government.

ARTICLE 14

APPLICABILITY OF CORPORATION LAW; REPEAL OR MODIFICATIONS, SEPARABILITY CLAUSE

SEC. 21. *Application of the Corporation Law.* – The provision of the Corporation Law which are not inconsistent or contrary with the provisions of this Act shall be applicable to the Corporation created hereby

SEC. 22. *Repeal or Modifications.* – All laws, decrees, proclamations; rules and regulations or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SEC. 23. *Separability Clause.* – In the event any provision of this Act is declared unconstitutional, the remainder of this Act not affected thereby shall remain in full force and effect.

ARTICLE 15

EFFECTIVITY

SEC. 24. *Effectivity.* – This Act shall take effect upon its approval.

Approved,