

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

H. B. No. 561

Introduced by HONORABLE JUAN EDGARDO "SONNY" M. ANGARA

EXPLANATORY NOTE

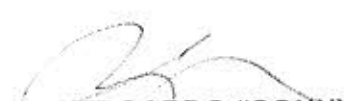
Mainland Mindanao is the second biggest island in the country, next only to mainland Luzon. It is also very rich in natural, mineral and aquatic resources, making it the land of hope or the land of promise.

This bill seeks to establish the Mindanao Railways Corporation. This corporation will provide the railroad and the transportation system sorely needed by the island. The railroad, which will crisscross Mindanao, will benefit the whole island's populace. It will accelerate economic activity, immensely benefiting the traders and businessmen.

The railroad will also hopefully connect the major urban centers and provincial capitals such as Davao City, Iligan, Cagayan de Oro, Zamboanga City, Cotabato City, Marawi, Pagadian, Dipolog, etc. Many of these urban centers are booming. The railway will certainly increase considerably the mobility of the population.

Mindanao has long been a neglected area, and this had caused unrest, resentment, even rebellion from some native groups. Its distance from Metro Manila has made it the frontier of the Philippines. The creation of the Mindanao Railways Corporation will be a long way in convincing the Mindanaonons that the national government sincerely cares for them and is willing to exert efforts in bringing projects which will bolster the region's economy.

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



JUAN EDGARDO "SONNY" M. ANGARA
Representative
Lone District, Province of Aurora

Introduced by Honorable JUAN EDGARDO "SONNY" M. ANGARA

AN ACT
CREATING THE MINDANAO RAILWAYS CORPORATION,
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND
PROVIDING FOR THE NECESSARY FUNDS FOR ITS OPERATION

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

SECTION 1. *Name, Duration and Domicile.* A corporation to serve as the instrumentality of the Government of the Philippines in providing a railroad and the transportation system for the whole island of Mindanao is hereby created, to be known as the Mindanao Railways Corporation, and hereafter referred to as the Corporation. The Corporation shall exist for a term of fifty (50) years from the date of the approval of this Act. It shall have its main office in Davao City and shall have such branches and agencies within or outside Mindanao as may be necessary for the proper conduct of its business.

SEC. 2. *Purposes and Specific Powers.* The Corporation shall have the following purposes and specific Powers:

- (a) To own or operate railroads, tramways, and other kinds of land transportation, vessels and pipelines, for the purpose of transporting for consideration, passengers, mails and property between any point in Mindanao.
- (b) As an auxiliary to its main purpose, to own and/or operate powerhouses, hotels, restaurants, terminals, warehouses, timber concessions, coal mines, iron and other mineral properties and to manufacture rolling stocks, equipment, tools and other appliances, to construct and operate in connection with its railroad lines, toll viaducts, toll tunnels and the like.

SEC. 3. *Authorized Capital Stock of the Mindanao Railways Corporation.* The Authorized Capital Stock of the Mindanao Railways Corporation shall be One Billion Pesos (P1,000,000,000.00) divided into Ten Million (P10,000,000.00) shares at par value shares of one hundred pesos each (P100.00) which shall be fully subscribed by the Philippine Government, twenty percent (20%) of which or Two Hundred million pesos (P200,000,000.00) shall be initially paid-up and the balance shall be paid from a continuing annual appropriation of not less than two hundred million pesos (P200,000,000.00) which is hereby appropriated out of any funds in the

National Treasury not otherwise appropriated. The said amount shall be programmed and released by the Budget Commission in accordance with the schedule of cash requirements to be prepared and submitted by the Mindanao Railways Corporation. Provided, That this continuing annual appropriation of Two Hundred million pesos (P200,000,000.00) and the programming and release thereof shall remain in force until the authorized capital subscribed by the Government shall have been paid in full.

SEC. 4. General Powers. The Corporation shall have the following general powers:

- (a) to do all such other things and to transact all such business directly or indirectly necessary, incidental or conducive to the attainment of the purpose of the corporation; and
- (b) Generally, to exercise all powers of a railroad corporation under the Corporation Law

SEC. 5. Board of Directors, Composition and Appointment. The corporate powers of the corporation shall be vested in and exercised by a Board of Directors of not more than eleven and not less than five members as may be fixed by the President of the Philippines, consisting of chairman, vice-chairman, and other members appointed by the President of the Philippines with the consent of the Commission on Appointments. The members of the Board need not be stockholders of the Corporation. The first members of the Board shall serve as designated by the President in their appointments for terms of one, two, and three years, respectively, from the date they qualify and assume office; but their successors shall be appointed for terms of three, except that any person chosen to fill a vacancy shall serve only for the unexpired term of the member whom he succeeds. For actual attendance of the meetings, each such members shall receive a per diem of eight hundred pesos (P800.00).

The Chairman and all the members of the Board must be residents of Mindanao for at least seven (7) years prior to the appointments.

SEC. 6. Powers and Duties of the Board of Directors. The Board of Directors shall have the following powers and duties:

- (a) To prescribe, amend and repeal, the by-laws, rules and regulations governing the manner in which the general business of corporation may be exercised, including provisions for the formation of such committee or committees as the Board of the Directors may deem necessary to facilitate its business.
- (b) To appoint and fix the compensation of the General manager, subject to the approval of the President of the Philippines, and to appoint and fix the compensation of the other officers of the Corporation. The Board by a majority vote of all the members may, for cause, suspend and/or remove the General Manager.
- (c) To approve the annual and/or such supplemental budgets of the Corporation which may be submitted to it by the General Manager from time to time.

SEC. 7 . Suspension and Removal of Directors. Any member of the Board of Directors may, for cause, be suspended or removed by the President of the Philippines.

SEC. 8. *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 existing law.

SEC. 9. *Managing Head.* The management of the Corporation shall be vested in the General Manager.

SEC. 10. *Powers and Duties of the General Manager.* The General Manager 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 participates in its deliberations, with the right to vote, and to preside 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, to remove, suspend, or otherwise discipline, for cause, any subordinate employee of the Corporation; and
- (e) To perform such other duties as may be assigned to him by the Board of Directors from time to time.

SEC. 11. *Appointment and Promotion.* In the appointment and promotion of officers and employees, merit and efficiency shall serve as basis, and no political test or qualification shall be prescribed and considered for such appointments or promotions. Said officers and employees shall be subject to the Civil Service Law, rules and regulations.

SEC. 12. *Exemption from Taxes, Duties and Port Charges.* The Corporation is hereby exempt from payment of all taxes of every name and nature - municipal, city, provincial or national- upon its capital stock, franchises, right of way, earnings, and all other property owned or operated by it and all duties on all railways materials, supplies and equipment imported in the Philippines for and/or by the said Corporation and this exemption shall extend to port charges upon vessels whose entire cargo consist of materials for the construction or equipment of the Corporation and to such proportion of the prescribed port charges on other vessels as the tonnage of materials for such constructions or equipment may bear to the tonnage of the cargo of the vessel.

SEC. 13. *Audit Personnel and Report.*

- (a) Personnel - The Commission on Audit shall appoint a representative who shall be the Auditor of the Corporation, and the necessary personnel to assist said

representative in the performance of his/her duties. The number and salaries of the Auditor and said personnel shall be determined by the Commission on Audit, subject to appropriation by the Board of Directors. In case of disagreement, the matter shall be submitted to the President of the Philippines whose decision shall be final. Said salaries and all other expenses of maintaining the Auditor's office shall be paid by the Corporation.

- (b) **Report** - The financial transaction of the Corporation shall be audited in accordance with law, administrative regulations and the principles and procedures applicable to commercial corporate transactions. A report of audit for each fiscal year, by the representative of the Commission on Audit, through the latter, to the Board of directors of the Corporation, and copies thereof shall be furnished the President of the Philippines, and the Presiding Officers of the two Houses of Congress. 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 may be necessary, together with such recommendations with respect thereto as may be advisable, including a report of any impairment of capital noted in the audit. The report also shows specifically any program, expenditures or other financial transaction or undertaking observed in the course of audit, which in the opinion of the Auditor, has been carried on or made without authority of law.

SEC. 14. Legal Counsel. The Corporation shall have its own Legal department, the chief and members of which shall be appointed by the Board of Directors.

SEC. 15. Exemption from the Land Transportation Commission Act. The Corporation shall not be subject to the authority and supervision of the Land Transportation Commission.

SEC. 16. Liquidation. When its term or period of existence has expired in accordance with the provision 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 suits by or against it and of 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 it was established. In order to carry out its liquidation, upon the dissolution of the Corporation, a Board of Liquidators shall be appointed by the President to take charge of winding up its corporate affairs and effecting its liquidation.

SEC. 17. Strikes During National Emergency. The provisions of law to the contrary notwithstanding, in cases of national emergency, or when in the opinion of the President of the Philippines, the national security or interest is in imminent danger, employees and

laborers of the Corporation shall not strike for the purpose of securing changes or modification in their terms and conditions of employment during said period of emergency.

SEC. 18. *Reversion of General Funds.* All funds resulting from dissolution and liquidation of the Corporation as herein provided shall revert to the general funds of the Government.

SEC. 19. *Applicability of the Corporation Law.* The provisions of the Corporation Law which are not inconsistent with the provisions of this Act, shall be applicable to the corporation created hereby.

SEC. 20. *Repealing Clause.* The provisions of Republic Act No. 4156, as amended, creating the Philippine National Railways and all acts, executive orders, administrative orders, and proclamations or parts thereof inconsistent with any of the provision of this Act, are hereby repealed or modified accordingly.

SEC. 21. *Separability Clause.* If any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby, shall remain in full force and effect.

SEC. 22. *Effectivity.* This Act shall take effect upon its approval.

Approved,