

Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session
House Bill No. 1715

Introduced by Honorable Danilo E. Suarez

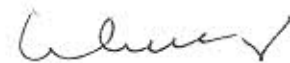
EXPLANATORY NOTE

Part of the rail infrastructure system in Metro Manila are the Manila Light Rail Transit System (LRT) and the Manila Metro Rail Transit System (MRT). The LRT serves approximately 700,000 passengers daily while MRT serves 420,000 passengers. These passengers benefit from the quick and cheap transportation, with each passenger receiving a substantial subsidy of P48.00 from the government to ensure that their ride is affordable and convenient. Given its daily ridership, the government is estimated to be spending at least P20.46 million a day given the minimum fare of P10 per passenger. In fact, the Philippines has one of the least expensive rapid transit systems in Southeast Asia, costing significantly less to ride than other systems in the region.

Likewise, the maintenance cost for all three lines damage the government in the amount of P160 million per month. MRT alone is shelling out \$3.3 million a month as equity payment and \$1.67 million for maintenance costs to Japanese operator Tespi Corporation, a subcontractor of Sumimoto Corp. With the MRT 3 built under a build-operate-transfer agreement, these amounts have to be paid for 25 years from the start of operations.

Considering the impact that the LRT and MRT have on the state's finances, it is but proper and timely for the government to opt to consolidate the operations of Metro Manila's three lines and hire private companies to operate and maintain them. This will encourage the private sector to participate more in the development and improvement of the LRT and MRT, which will then benefit the riding public.

With the aforementioned, the approval of this bill is earnestly sought.



DANILO E. SUAREZ
Representative
3rd District, Province of Quezon

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**AN ACT FOR THE PRIVATIZATION OF THE OPERATIONS OF THE LIGHT RAIL
TRANSIT AND METRO RAIL TRANSIT, AND FOR OTHER PURPOSES**

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

SECTION 1. *Declaration of Policy.* While the State recognizes the importance of providing efficient and affordable mass transportation to the Filipino people, the State also recognizes that it cannot do this task alone and would need the significant assistance of the private sector in achieving an affordable and world-class metro rail system.

SECTION 2. *Privatization of Operations.* The operations, maintenance and improvement of the Light Rail Transit (LRT 1 and 2) and Metro Rail Transit (MRT 3) shall be privatized and transferred to the private sector.

SECTION 3. *Privatization Committee.* A Privatization Committee shall be formed by the Department of Transportation and Communications, headed by the Secretary which will review, evaluate and recommend the process of privatization. A feasibility study shall be undertaken to ensure the viability of privatization and find out the most beneficial for the government.

SECTION 4. *Implementing Rules and Regulations.* The Privatization Committee shall promulgate the Implementing Rules and Regulations for this Act within one hundred twenty (120) days from approval hereof.

SECTION 5. *Appropriation Clause.* The amount necessary to implement this Act shall be included in the General Appropriations Act of the year following its enactment into law.

SECTION 6. *Repealing Clause.* All laws, decrees, issuances, rules and regulations inconsistent with the provisions of this Act are hereby repealed.

SECTION 7. *Effectivity Clause.* This Act shall take effect within fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.