

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 3578

Introduced by **Hon. Rodolfo G. Biazon**

EXPLANATORY NOTE

The establishment of a national railway system is the solution to the congestion and pollution of the metropolitan areas and the traffic problem in major urban centers all over the country. It will provide cheaper, faster, safer and more reliable mass transport system; facilitate the movement of people, goods and services; decongest the metropolis; lessen pollution; enhance agricultural productivity; encourage investments and accelerate industrialization; enhance tourism in the countryside; promote inter-regional trade and commerce; decentralize development to the rural areas; reduce national dependence on oil imports; reduce the importation of vehicles; reduce the cost of road maintenance; facilitate the collection and transportation of garbage; and generate job opportunities.

For the entire Filipino people to reap the foregoing benefits that they have been denied of, and in order to promote the railway industry in the Philippines which will accelerate national progress and prosperity and ensure our country's global competitiveness, there is a need, more than ever, to vigorously pursue the establishment of a nationwide railway system. Railways triggered the economic prosperity and stability of Europe, the United States of America, Russia, China, India, Australia, Japan, and just recently, South Korea, Malaysia and Singapore.

The enactment of a National Railway Act is long overdue. This will ensure the development of an efficient and effective mass transport system nationwide that will facilitate the movement of people, goods and services around the country.

Due to the foregoing, the early passage of this bill is earnestly sought.


RODOLFO G. BIAZON
Representative
Lone District, Muntinlupa City

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House Bill No. **3578**

Introduced by **Hon. Rodolfo G. Biazon**

AN ACT
ESTABLISHING A NATIONAL RAILWAY SYSTEM IN THE PHILIPPINES
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

ARTICLE I
GENERAL PROVISIONS

SECTION 1. *Title.* – This Act shall be known as the Philippine National Railway Act of 2010.

Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote the railway industry as an instrument for national progress and prosperity. Toward this end, it shall establish a nationwide railway system that is cost-effective, safe, reliable, efficient, state-of-the-art, accessible, sustainable and compliant with international standards. In the establishment of a nationwide railway system, the State shall promote the cooperation between the government and the private sector including the local government units in the development, implementation and operation of railway systems.

ARTICLE II
DEFINITION OF TERMS

Sec.3. – *Definitions.* As used in this Act, the following terms shall mean as defined herein:

a. *Affected Person* –

- (i) a person who has submitted to the Authority a proposal to build, operate and maintain a railway system, or license to operate;

- (ii) a person who has been granted or denied approval by the Authority;
 - (iii) a person to whom an order or direction has been given or whom an order or decision has been issued by the Authority;
 - (iv) a person whose property or the use or any interest thereof is affected by any expropriation proceedings to carry out railway project; and
 - (v) any person whom the Board, in its discretion, accepts as an affected person.
- b. *Amusement Railway* – a non-common carrier railway system that is operated wholly or in part within the confines of an amusement, historical park or such other similar sites;
 - c. *At-Grade Railway* – a railway system that runs on street level;
 - d. *Authority* – the Philippine National Railway Authority;
 - e. *Automated Guided Transit* – a fully automated transit system which operates without crew;
 - f. *Board* – the Board of Directors of the Authority;
 - g. *Commuter Rail System* – a rail system that uses traditional freight railroad technology, including diesel or electric locomotives, to operate trains for passenger service;
 - h. *Elevated Railway* – a railway system that runs on tracks on elevated viaducts;
 - i. *High Speed Train* – a railway technology that operates at the speed of 220 kph and above;
 - j. *Industrial Railway* – a non-common carrier railway system that transport goods that are manufactured, refined or otherwise produced, processed or handled by the person who operates the railway or on whose behalf the railway is operated, and is operated wholly or in part within the confines of the industrial site on which goods are manufactured, refined or otherwise produced, processed or handled, and is not operated for the purposes of transporting goods for a tool or a fee;
 - k. *Light-Rail Transit System* – an electric railway system where the cars operate as single unit or as short train of two or three cars;
 - l. *Maglev* – shall mean a train utilizing propulsion technology;
 - m. *Metro Rail Transit System* – a heavy rail system that is also commonly referred to as rail rapid transit. A heavy-rail system typically consists of large four-axle rail vehicles operating in trains of two to ten cars;

- n. *Monorail Transit System* – a special type of rail system that uses a single rail to support and guide a passages vehicle;
- o. *National Railway Administrator* – the Chief Operating Officer of the Philippine National Railway Authority;
- p. *Private Road* – a road that is not owned or otherwise under the direction, control and management of the Authority or any instrumentality of the government;
- q. *Public Railway* – a common carrier railway system that is operated for purposes of transporting people, goods and services or any one or more of them for a toll or fee;
- r. *Rail Rapid Transit System* – a rail system that operates on tracks reserved solely for the rail cars;
- s. *Railway* – an undertaking that is operated for the purpose of transporting people, goods and services or any one or more of them by means of rolling stock operated on track;
- t. *Railway Operator* – a natural person or a juridical person who is authorized to own, operate and maintain a railway system;
- u. *Railway Security Officer* – a person directly responsible for securing not only the life of each and every commuter and the employees of the Authority and its subsidiaries but also the railway structure and facilities;
- v. *Regional/Provincial Railway* – a railway system that moves passengers and freight in long-distances;
- w. *Regulatory Board* – the Railway Regulatory Board;
- x. *Rolling Stock* – any locomotive or railway car that operates on track and any other vehicle that by design or by the way it is equipped, is capable of being operated on track;
- y. *Secretary* – the head of the Department of Transportation and Communications;
- z. *Services* –
 - (i) the operation of rolling stock;
 - (ii) the operation of track;
 - (iii) the transportation of people, goods and services
- aa. *Station* – loading and unloading area for rail commuters;
- bb. *Streetcars* – a tramway or trolley with electrically-powered vehicles that run on steel tracks embedded within city streets;

cc. *Structural Facilities* – railway bridges, tunnels, overpasses, underpasses, culverts, crossings, and similar structures;

dd. *Subway* – an underground railway;

ee. *Track* – a railway track or any land or Right-of-Way on which the railway track is located and any signal and apparatus used relative to the operation of the railway track;

ff. *Urban Rail Transit System* – a rail system that is a street railway, tramway, light transit railway or similar system, the purpose of which is to transport the general public within an urban area;

ARTICLE III STRUCTURE OF THE NATIONAL RAILWAY INDUSTRY

Sec. 4. *The National Railway Industry.* – The National Railway Industry shall have two (2) components: (a) the Public Domain; and (b) the Private Domain. The Public Domain shall consist of: 1) the Philippine National Railway Development Authority; and 2) the Railway Regulatory Board. The Private Domain encompasses ownership, maintenance and operation of railway systems.

Sec. 5. *Sovereign Duty.* – In the public domain of the railway industry, it shall be the duty of the government to construct, own, maintain and operate railway systems including the supervision of both public and private railway systems.

ARTICLE IV PHILIPPINE NATIONAL RAILWAY DEVELOPMENT AUTHORITY

Sec. 6. *Creation of the Philippine National Railway Development Authority.* – There is hereby created a body corporate to be known as the Philippine National Railway Development Authority, hereinafter referred to as the Authority which shall have the attribute of perpetual succession and shall be vested with the powers of a corporation.

It shall establish its principal office in Metropolitan Manila unless otherwise provided by the Authority and may put up branches as may be necessary.

Sec. 7. *Mandate.* – The Authority is hereby mandated to establish a national railway system covering the islands of Luzon, Visayas and Mindanao including Metro Manila and other metropolitan areas in the Philippines through the construction of new railways and the integration and linking of all existing railway systems in the country.

Sec. 8. *Powers, of the Authority.* As a corporate body, the Authority shall have the following powers, duties and functions:

- (a) To succeed in its corporate name, to sue and be sued in such corporate name and to adopt, alter and use a corporate seal which shall be judicially noticed;
- (b) To adopt, amend, and repeal its By-Laws;
- (c) To enter into, make perform and carry out contracts of every class and description which are necessary and incidental to the realization of its purposes with any person, firm or corporation, private or public, and with foreign government entities;
- (d) To contract loans, indebtedness, credit and issue commercial papers and bonds, in any local or convertible foreign currency from any international financial institution, foreign government entity, and local or foreign private commercial banks or similar institutions under terms and conditions prescribed by law;
- (e) To acquire, own, hold, administer and lease such real and personal properties as it deems necessary or convenient in governing its business affairs and to encumber, lease, mortgage, sell, alienate or otherwise dispose of the same except its right-of-way;
- (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 construct, own lease, operate and maintain public utilities, infrastructure facilities and such auxiliary support services needed to develop, operate and maintain a nationwide railway system;
- (h) To design, construct, maintain and operate by itself or by delegation to, or through contractual arrangement such auxiliary infrastructure support facilities such as, but not limited to, parking structures above or below the ground, including the means of access;
- (i) To prescribe, fix and regulate the scheduled, frequency and route of railway services;
- (j) To fix the agency estimate of the cost of railway project;
- (k) To receive donations, grants, bequest and assistance of all kinds and to utilize the same;
- (l) To establish, organize and maintain subsidiary corporations as operators of railway systems or establish joint ventures formed in accordance with the Philippine Corporation Code;
- (m) To privatize any part or all of the railway system or any sub-system under the Authority, and to grant the party that acquires the system an authority to operate the same;

- (n) To formulate and adopt a master plan for a national railway system with ecological and environmental standards;
- (o) To develop, construct, operate, maintain and control railway facilities including parking stations and terminals for freight, goods and cargoes;
- (p) To consider and approve variation orders of not more than 10% of the cost of railway project and without prejudice to the prevailing inflation rate;
- (q) To order the cessation of operations or any and all activities related to the railway system upon the recommendation of the concerned railway safety/security officer;
- (r) To call upon any government agency or instrumentality for such assistance as maybe necessary in the discharge of its duties and functions;
- (s) To promulgate such rules and regulations as may be necessary to carry out the objectives of this Act;
- (t) To be member of International Railway Organizations; and
- (u) Perform such other powers as may be necessary to carry out the purpose of this Act.

Sec. 9. Board of Directors; Composition. – The powers and functions of the Authority shall be exercised by a Board of Directors, hereinafter referred to as the Board, to be composed of the Secretary of Transportation and Communications as Chairman, the Director General of the National Economic Development Authority as Vice Chairman, and the Secretaries of the Departments of Public Works and Highways, Finance, Budget and Management, Agriculture, Environment and Natural Resources, Interior and Local Governments and the Chairman of the Metro Manila Development Authority, including the National Railway Administrator and the President of the Philippine Chamber of Commerce & Industry, as members.

Members of the Board shall receive a *per diem* of not more than five thousand pesos (P5,000.00) for every board meeting: *Provided, however,* That the *per diem* collected per month does not exceed the equivalent two (2) meetings: *Provided, further,* That the amount of *per diem* for every board meeting may be increased by the President but such amount shall not be increased within two (2) years after its last increase.

The Chairman and the Members of the Board may designate their respective alternates to the Board from among their own officials with the rank of undersecretaries.

Sec. 10. Functions of the Board. – The Board of Directors shall be the policy-making body of the Authority and shall perform the following powers and functions:

- (a) Determine the organizational structure of the Authority, define the duties and responsibilities of all officials and employees and adopt a compensation and benefit scheme that shall be subject to the approval of the Department of Budget and Management;

- (b) Appoint all officials down to the third level and authorize the Administrator of the Authority to appoint all others: *Provided*, That all appointments shall be on the basis of merit and fitness and all personnel action shall be in pursuance of Civil Service laws, rules and regulations except those coterminous employees of the Board;
- (c) Prepare the annual and supplemental budgets of the Authority;
- (d) Formulate policies, rules and regulations, plans and projects and programs;
- (e) Establish financial and operations targets for management as the basis for evaluating and monitoring corporate performance;
- (f) Authorize such expenditures for the effective and efficient administration and operations of the Authority;
- (g) Submit an annual report of the operation of the Authority, through the Secretary of the DOTC, to the President of the Philippines and Congress; and
- (h) Exercise such other powers as may be necessary to accomplish the purposes for which the Authority was organized.

Sec. 11. *Secretary to the Board*. – There shall be a Secretary to the Board who must preferably be a member of the Philippine Bar and has engaged in the practice of law for at least two (2) years prior to his appointment.

ARTICLE V ADMINISTRATION OF THE AUTHORITY

Sec. 12. *The Administrator*. The general conduct of the operations and management of the Authority shall be vested in an Administrator with the rank and privileges of an Undersecretary who shall serve as Chief Executive Officer of the Authority and Member of the Board. He shall be primarily responsible in carrying out the projects and programs of the Authority as well as in the implementation of its policies, rules and regulations, including the faithful execution of the decisions of the Board.

Sec. 13. *Qualifications*.— The Administrator must be a natural-born citizen of the Philippines, at least thirty-five (35) years of age on the day of his/her appointment, of good moral character and with recognized executive ability and competence in the field of transportation, business administration, management, finance or law. He shall be appointed by the President of the Republic of the Philippines for a term of six (6) years.

Sec. 14. *Duties and Responsibilities of the Administrator*. The Administrator of the Authority shall have the following duties and responsibilities;

- (a) Execute, administer and implement the policies and measures approved by the Board;

- (b) Direct and supervise the operations and administration of the Authority and all public railways;
- (c) Direct and supervise the preparation of the agenda for the meeting of the Board, and to submit for the consideration of the Board such measures as he believes necessary to carry out the purposes and objectives of the Act;
- (d) Represent the Authority in all its transactions with other offices, agencies and instrumentalities of the government and to deal with any persons and entities, public or private, domestic or foreign, on matters related to the mandate of the Authority; and
- (e) Exercise such other powers and perform such other duties and function as the Board may assign or authorize;

Sec. 15. *Deputies.* – The National Railway Administrator shall have four (4) Deputies for Metro Manila, Luzon, Visayas and Mindanao, all of whom shall likewise be appointed by the President of the Republic of the Philippines for a term of six (6) years. The deputies shall have the same qualifications as that of the Administrator. These officials, with the rank and privileges of Assistant Secretary, may only be removed from the service for cause as provided under existing laws.

Sec. 16. *Legal Counsel.* – The Authority shall appoint a Legal Counsel who shall be a member of the Integrated Bar of the Philippines; have at least five (5) years experience in the practice of law; and must be at least thirty five (35) years of age at the time of his appointment.

Sec. 17. *Merit System.* – All officials and employees of the Authority shall be selected and appointed based on the comprehensive and progressive merit system to be established by the Authority immediately upon its organization and in accordance with Civil Service laws, rules and regulations. The hiring, promotion, transfer and dismissal of all the personnel of the Authority shall be governed by applicable existing civil service laws, rules and regulations.

ARTICLE VI RAILWAY REGULATORY BOARD

Sec. 18. *Regulatory Board: Creation and Composition.* – A Railway Regulatory Board, hereinafter referred to as the Regulatory Board, is hereby created which shall be composed of the Secretary of Transportation and Communications as Chairman, Secretary of Public Works and Highways as Vice-Chairman, Secretaries of Department of Labor and Employment, Finance, Budget and Management, and Trade and Industry. The Administrator shall sit in the Regulatory Board as ex-officio member.

Sec. 19. *Standards.* – In order to sustain the development of the railway industry, enhance the operations of railway systems and ensure the safety and security of the railway riding public, and protect them from any form of natural calamities and man-made disasters, the Regulatory Board shall set the necessary fare and standards on safety and security to be

observed by all railway operators, be they public or private. The fare and standards on safety and security that the Regulatory Board shall formulate must be compliant with international standards.

Sec. 20. *Rules and Regulations.* – The Regulatory Board shall formulate rules and regulations on the following:

- (a) Standards and specifications with respect to rolling stock, track and structural facilities and other railway equipment and apparatus;
- (b) Construction, maintenance, repair and removal of track and structural facilities;
- (c) Permanent and temporary fencing of right-of-way and structural facilities including the apportionment of costs in relation thereto;
- (d) Track crossing and its usages;
- (e) Installation and use of signage, warning signals, barriers, operating signals and other similar apparatus;
- (f) Qualifications of persons operating rolling stock and of persons carrying out functions regarding the operation of track and of other equipment and matters ancillary to the operation of rolling stock;
- (g) Materials, equipment and technology to be used for the building and construction of the railway systems;
- (h) Tariff, rates and other fees and charges;
- (i) Railway security and safety; and
- (j) Imposition of fines and penalties.

Sec. 21. *Per Diems and Allowances.* – Members of the Board shall receive a *per diem* of not more than five thousand pesos (P5,000.00) for every board meeting: *Provided, however,* That the *per diem* collected per month does not exceed the equivalent two (2) meetings: *Provided, further,* That the amount of *per diem* for every board meeting may be increased by the President but such amount shall not be increased within two (2) years after its last increase.

Sec. 22. *Secretary to the Board.* – There shall be a Secretary to the Board who must preferably be a member of the Philippine Bar and has engaged in the practice of law for at least two (2) years prior to his appointment.

ARTICLE VII ADMINISTRATION OF THE REGULATORY BOARD

Sec. 23. *Executive Director of the Regulatory Board.* – The management and operations of the Regulatory Board shall be vested in an Executive Director who shall be a natural-born citizen of the Philippines with the same rank and privileges as that of an Assistant Secretary. He shall be appointed by the President of the Republic of the Philippines for a term of six (6) years.

Sec. 24. *Qualifications.* – The Executive Director must be natural born citizen of the Philippines, at least thirty (30) years of age on the day of his appointment, and of good moral character. He must either be a lawyer or duly licensed civil or electronic engineer. He can only be removed from the service for cause pursuant to law.

Sec. 25. *Deputies.* – The Executive Director shall have three (3) deputies for fare, safety and security and shall have the same qualifications as that of the Executive Director. Each of them shall be appointed by the President for the same term of office and can only be removed for cause pursuant to law.

Sec. 26. *Staff and Personnel.* – The Executive Director shall be assisted with such staff and personnel that the Board may determine, subject to the approval of the Department of Budget and Management and in accordance with civil service laws, rules and regulations.

ARTICLE VIII COMMON CARRIER

Sec. 27. *Public Railways as Common Carriers.* – As a common carrier, a railway operator shall provide all the necessary equipment and facilities for the safety, security, comfort and convenience of the general riding public in accordance with international standards and best practices.

Sec. 28. *Limitation of Liability.* – The liability of a railway operator shall not be limited to the liability and responsibility of a shipper under existing laws, rules and regulations.

Sec. 29. *Transfer of Authority to Operate.* No authority to operate a railway system shall be transferred or conveyed without the approval of the Authority.

ARTICLE IX CLASSIFICATION OF RAILWAYS

Sec. 30. *Classification.* – The railway system of the Philippines shall be classified according to technology and level of ridership such as Tramways; Mono Rail; Light Rail; Metro Rail; Heavy Rail; Sky Rail; Subway and Maglev.

ARTICLE X CONSTRUCTION OF RAILWAYS

Sec. 31. *Construction of Railways and Highway Crossing Track.* – Construction of any form and kind of railway track such as track crossing, intersections, joints, or connections that unites with any existing railway track or structural facilities for purposes of developing a railway shall not be allowed without prior approval of the Authority. Construction on, across, over or under a highway without prior approval of the Authority shall likewise not be allowed.

Sec. 32. *Structural Change.* – No change or replacement of any existing railway structure or methodology shall be allowed without prior approval of the Authority.

Sec. 33. *Right of Entry and Disturbance Fee.* – A railway operator or his authorized agent bringing in equipment and materials to a piece of land may gain access to such land to construct or maintain a rail system or to repair a rolling stock, track or structural facilities of a public railway, subject to the payment of a disturbance fee in such amounts as may be determined by the Authority.

Sec. 34. *Highway Crossing.* When the construction is carried out to lay track on, across, over or under a highway, the person carrying out the construction shall allow vehicles using the highway adequate passages, and on the completion of the construction restore the highway to its acceptable passable condition.

Sec. 35. *Crossing Construction.* Subject to the approval of the Authority, the owner of a private road may be allowed to construct and maintain at his own cost, either an underpass or overpass crossing across the right-of-way that already existed prior to the construction of his private road. However, if the private road was in existence before the rail right-of-way was established, the railway owner/operator is responsible for the cost of constructing and maintaining the crossing.

Sec. 36. *Crossing of Landowners.* – Any proponent of a railway project shall provide an access road in between lands cut crossed by the project when public interest so demands.

Sec. 37. *Cost.* – When a railway operator is unable to agree with the road authority as to the cost apportionment associated with the construction of projects under this article, the parties may resort to arbitration.

Sec. 38. *Fencing of Railway Track.* – The operators of railway systems when public safety demands as may be determined by the Authority, shall provide the necessary fences along railway tracks.

Sec. 39. *Drainage.* – In the construction of railways, the Authority shall ensure that appropriate and adequate drainage and sanitary facilities are provided. No construction of railways shall be allowed by the Authority without such facilities.

Sec. 40. *Fire Prevention.* – All railway operators shall provide their railway systems all the necessary fire-fighting equipment and adopt ways and means to protect their systems and commuters from fire or damages arising therefrom.

Sec. 41. *Stoppage.* – When the construction or work poses danger to person or property, the Safety Officer may immediately order the stoppage of the construction or work unless constrained by the Authority.

ARTICLE XI RIGHT-OF-WAY

Sec. 42. *Right-of-Way.* – The Authority shall identify and establish within three (3) years after the approval of this Act, the alignment of a National Railway System and once established and the right-of-way is acquired, the same shall not be the object of any sale, lease or other forms of disposition.

Sec. 43. *Intrusion into the Right-of-Way.* – Any intrusion into the right-of-way by any person shall be punishable by imprisonment as provided under Section 92, Article XXVII hereof.

ARTICLE XII EXPROPRIATION AND OVERRIDING OBJECTIVE OF CONSTRUCTION

Sec. 44. *Expropriation.* – The Authority may initiate necessary expropriation proceedings in order to carry out the objectives of this Act.

Sec. 45. *Ejection.* – Any person or group of persons who enter, intrude, occupy, settle, possess, construct into the railway alignment or right-of-way or any property owned by any railway office or agency shall be considered as nuisance *per se* and shall be summarily ejected from the premises. Such entry, intrusion, occupation, settlement, possession and construction shall be considered as a criminal act and therefore punishable under Section 92, Article XXVII hereof.

Sec. 46. *Suspension.* – When the construction or work in a railway project is not being carried out in accordance of the approved specifications relative to design and product standards, the Safety Officer may order the suspension of the construction or work until after corrections shall have been made by the contractor or its resumption is ordered by the Authority.

Sec. 47. *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 being implemented by the Authority, to prohibit any person or persons, or entity or government official from proceeding with, or continuing the execution or implementation of such contract or project, or pursuing any lawful activity necessary for the execution, implementation or operation of such railway project/system.

ARTICLE XIII RAILWAY OPERATIONS

Sec. 48. *Operations.* – The operator of a railway shall ensure that the track and other railway facilities are constructed, operated and maintained in accordance with this Act, pertinent rules and regulations implementing the same and policies that may be promulgated by the Authority and the Railway Regulatory Board and that the rolling stock is maintained and operated in accordance with applicable rules and regulations promulgated by the Authority and the Regulatory Board.

Sec. 49. *Suspension and Termination.* – Any operator of a public or industrial railway who intends to suspend or terminate its operation shall, within six months, prior to the suspension or termination, give notice thereof to the Authority and to the public.

ARTICLE XIV SAFETY AND SECURITY OFFICERS

Sec. 50. *Safety Officer.* – There shall be created positions of Safety Officers with the following duties and functions:

- a. Administer and foster faithful compliance with railway safety legislations, approvals and operating rules and regulations;
- b. Ensure the safety at all times of rolling stocks, railway tracks, signaling and communication systems and other facilities.
- c. Conduct regularly safety audit of railway system including a check on inventory levels of essential spare parts; and
- d. Ensure the safety of the general riding public and of persons employed by or acting on behalf of operators of railways;

Sec. 51. *Qualifications.* – No one shall be appointed as a Safety Officer unless he is a graduate of a course related to safety and passes the examination given by the Professional Regulatory Commission for the purpose.

Sec. 52. *Security Officer.* – There shall be created positions of Security Officers with the following duties and functions:

- a. Administer and foster faithful compliance with railway security legislations, approvals and operating rules and regulations;
- b. Ensure the security of the general riding public and of persons employed by or acting on behalf of operators of railways; and
- c. Ensure the installation of the state of the art surveillance and tracking equipment for passengers and cargo.

Sec. 53. *Qualifications.* – No one shall be appointed as a Security Officer unless he is a graduate of a course related to security and passes the examination given by the Professional Regulatory Commission for the purpose.

ARTICLE XV MAINTENANCE

Sec. 54. *Proper Maintenance.* – There shall be created a Maintenance Group headed by a Maintenance Engineer, in every railway line with the following duties and functions:

- a. Ensure that the economic lifespan of the system is attained through rehabilitation, refurbishment and overhauling;
- b. Ensure continuous and efficient operation of the system;
- c. Ensure a continued availability of spare parts in the inventory;
- d. Ensure the repair and maintenance of the rolling stock, track or structural facilities.

ARTICLE XVI COMPLIANCE, ACCIDENTS AND ADMINISTRATIVE PENALTIES

Sec. 55. *Inspection of Railways.* – A railway Safety or Security Officer may carry out inspections of the following:

- a. Rolling stock, track, goods and other facilities; and
- b. Record, document, object or thing that relates to the operations of a railway.

Sec. 56. *Access.* – A railway Safety or Security Officer, in carrying out an inspection may do one or more of the following:

- a. Enter any track, structural facility, rolling stock, building or any other property associated with railways;
- b. Make inquiries with any person who is employed by or who carries out any duties or functions for or in behalf of the railway operator; and
- c. Perform or caused to be performed tests or examinations of anything relative to the inspection.

Sec. 57. *Production of Documents.* – In the course of safety or security inspection, the officer conducting the inspection may require the production of any documents, records or things relative thereto.

Any person who is the subject of an inspection shall, when requested to do so by a railway Safety or Security Officer, produce for inspection, within reasonable period of time, any record, document, object or thing that relates to the matter under inspection. A railway Safety or Security Officer may request copies or take photographs of the record, document, object or thing under inspection and immediately thereafter return the same.

When conducting an inspection of a record, document, object or thing and a railway Safety or Security Officer is of the opinion that he must retain possession of the record, document, object or thing under inspection for a longer period of time, he may do so but shall not be longer than three days after receipt thereof.

Sec. 58. Directions of Railway Safety Officer. – When a railway safety officer carries out an inspection, he may do one or more of the following:

- a. Recommend the cessation of the operation of any railway system or any activity related thereto when in his expert opinion, there are reasonable grounds to believe that the continuing operation of the railway system and any related activity, may endanger the safety of the riding public and the employees of the railway or cause damage to property;
- b. Order the removal of a rolling stock or any equipment or any person on board, when the railway safety officer is of the opinion that the operation or presence of the same poses danger to the safety of the public or persons employed by or acting on behalf of the operator unless restrained by the National Railway Authority; and
- c. Issue orders to stop the over-speeding of a train or when violations are being committed related to the speed of the rolling stock.

Sec. 59. Accidents. – The railway operator shall keep a record of every accident involving a person or the railway system and shall forthwith report to the Authority.

Sec. 60. Investigation. – The Authority shall conduct an investigation on accidents provided for in the immediate preceding section, and for this purpose, the investigating officer shall have full access to the place and attributes of the accident.

Sec. 61. Liability. – The operator and his agent shall be jointly and solidarily liable for the fines and penalties provided under this Article.

Sec. 62. Execution. – When the operator and/or his agent fails to pay the administrative penalty in accordance with this Article, the Authority shall take all the necessary legal actions to compel the payment of the administrative legal penalties and fines against the operator and his agent.

ARTICLE XVII REVIEW

Sec. 63. *Review/Appeal.* Any order issued by a Safety or Security Officer may be appealed for review by the affected person to the Authority within Fifteen (15) working days from notice thereof whose decision shall be final and executory.

Sec. 64. *Motion for Reconsideration.* – Any person affected by an order or decision of the Authority may file a motion for reconsideration within Fifteen (15) days from receipt of thereof. No second motion for reconsideration shall be entertained.

ARTICLE XVIII PARTICIPATION OF LOCAL GOVERNMENT UNITS AND THE PRIVATE SECTOR IN RAILWAY DEVELOPMENT

Sec. 65. *Local Government Units (LGU's).* – A local government unit (LGU) or group of LGUs, may own, construct, maintain and operate a railway system in accordance with international standards and subject to the approval of the Authority.

Sec. 66. *Private Sector.* – Any person, natural or juridical, may own, construct, maintain and operate a railway system in accordance with International Standards and subject to the approval of the Authority.

Sec. 67. *Private-Public Partnership.* The Authority or any LGU may jointly own, construct, maintain and operate a railway system with the private sector in accordance with the Corporation Law and other applicable laws.

ARTICLE XIX RAILWAY ENERGY PLANT

Sec. 68. *Power Plant.* – In order to ensure a continuous and uninterrupted operation of railway systems in the Philippines, the Authority may establish a power plant for any of its rail systems: *Provided,* That before it can put up a power plant, the Authority shall undertake a cost-benefit analysis on this matter in order to determine its cost-effectiveness, viability and whether it is going to be advantageous to the government.

Sec. 69. *Waste-to-Energy Plant.* – The Authority shall establish in cooperation with LGUs and/or the private sector, waste-to-energy plant in strategic areas in the country.

ARTICLE XX TRANSFER OF RAILWAY TECHNOLOGY

Sec. 70. *Railway Engineering Course.* – A four (4) year baccalaureate course on Railway Engineering Management and other related courses shall be established in the

University of the Philippines or the Polytechnic University of the Philippines and shall receive an annual budgetary support which shall be provided in the Annual General Appropriations Act.

Sec. 71. Railway Training Center. – A Railway Training Center shall be established by the Authority to equip the railway manpower resource with the necessary skills and expertise in the development and implementation of railway projects and programs, and in the operation of railway systems.

Sec. 72. Manufacturing of Railway Equipment. – The Authority shall endeavor to establish the necessary mechanisms for the manufacturing of railway equipment to ensure the expansion and sustainability of a National Railway System herein envisioned.

ARTICLE XXI TRAIN DRIVERS

Sec. 73. Train Drivers. – To promote proficiency and to ensure the safety of the general railway riding public, all train drivers must be physically and mentally fit and pass all the tests and qualifications to be prescribed by the Authority. They shall also undergo constant and continuing training to improve their level of skills.

Sec. 74. Train Driver's License. – The Railway Training Center shall conduct the training for train drivers for a duration that it may determine and thereafter issue the necessary Train Driver's License (TDL) for those who will pass the training according to its standards, tests and measurements.

ARTICLE XXII CAPITALIZATION AND TRUST FUND

Sec. 75. Capitalization. – The Authority shall have a capitalization of Five Hundred Billion (P500,000,000,000.00) divided into shares at One Thousand Pesos per share (P1,000.00). This capitalization may consist of the assets of the existing railway offices and agencies that the Authority shall absorb under this Act, including the amount of One Hundred Billion Pesos which shall be provided in the General Appropriations Act for a period of Five (5) years starting on the year following the passage of this Act.

Sec. 76. Establishment of the Railway Trust Fund. – A Railway Trust Fund is hereby established that shall be solely used to finance railway projects and the operations of railway systems.

Sec. 77. Sources. – The Railway Trust Fund consists of 3% increase in the real property tax, 2% share of the sin taxes and 5% share of the road user's tax.

Sec. 78. Fund Administrator. – The Trust Fund shall be administered by any recognized government depository bank and shall only be spent and withdrawn by a 2/3 vote of the members of the Board of the Authority for the purposes for which it is created.

ARTICLE XXIII EXEMPTION FROM TAXES

Sec. 79. *Exemption from Real Property Tax.* – All rail properties in the form of land, right-of-way, depot, stations, tracks, office buildings, and terminals are exempted from the payment of real property tax and those which have already been due to the government shall be deemed condoned entirely.

Sec. 80. *Exemption from Income Tax.* – The incomes of the Authority that are derived from the operations of its railway systems shall be exempted from the payment of income tax.

Sec. 81. *Exemption from Payment of Customs, Duties and Charges.* – Any importation of goods and/or equipment for the building of railway systems and for the maintenance and operation of railway systems shall be free from the payment of customs, duties, and other forms of fees and charges.

ARTICLE XXIV REVENUES

Sec. 82. *Rail Revenues.* – Rail revenues shall consist of all incomes derived from the ridership, freight and trackage fees.

Sec. 83. *Non-Rail Revenues.* – Non-rail revenues shall consist of all incomes generated from commercial, advertisement and real estate development programs.

ARTICLE XXV INSURANCE COVERAGE

Sec. 84. *Rail Systems Insurance Coverage.* – All rail systems shall be covered by insurance from natural and man-made disaster either by the Government Service Insurance System (GSIS) or by a self-insurance system in the form of a Common Trust Fund that the Authority may establish for the purpose for all public railway operators.

Sec. 85. *Passenger's Insurance Coverage.* – Each and every rail passenger shall be covered by accident insurance by the rail operators, government or private, in the amount of One Hundred Thousand Pesos (P100,000.00) in case of death and not more than Fifty Thousand Pesos (P50,000.00) in case of an injury exclusive of medical and hospitalization expense.

Sec. 86. *Premiums.* – After five (5) years from the date of the establishment of the Common Trust Fund and every three (3) years thereafter, a portion of the trust fund may be used for rail projects and programs by 2/3 votes of the members of the Board of Directors of the Philippine National Railway Authority.

Sec. 87. *Fund Administrator.* – The Common Trust Fund authorized under this Article may be administered by a group of financial experts when, in the judgment of the

Board, the need for it arises, otherwise, the Authority shall administer and manage such fund.

ARTICLE XXVI ACCOUNTABILITY

Sec. 88. *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 the Commission may promulgate from time to time pursuant to its constitutional mandate.

Sec. 89. *Transparency.* – The Authority and its subsidiaries shall be transparent in all its affairs and financial transactions.

ARTICLE XXVII PUNISHABLE ACTS AND ADMINISTRATIVE PENALTIES

Sec. 90. *Intrusion.* – The entry, intrusion, occupation, settlement, possession and construction on the properties described in Section 43, Article XI hereof shall be considered a crime against property and punishable by imprisonment ranging from six (6) months and one (1) day to two (2) years and or fined in an amount not lower than Ten Thousand Pesos (P10,000. 00) as maybe determined by the court.

Sec. 91. *Obstruction.* – Any person who obstructs or impedes the construction, operation, repair, maintenance and removal of any track, rolling stock or railway facilities shall be criminally liable and the punishment by imprisonment ranging from two (2) years and one (1) day to three (3) years.

Sec. 92. *Theft of Railway Property.* – Any person who is found to have stolen any part of a track or rolling stock shall be punished by imprisonment of six (6) years and one (1) day to twelve (12) years and a fine of One Hundred Thousand Pesos (P100, 000. 00) Pesos, or both at the direction of the Court.

Sec. 93. *Administrative Penalties.* – The Authority may impose a fine or penalty or both, against the operator and/or its agents who commits any or all of the following acts of violations:

- a. Exceeding the authorized speed limit of his rolling stock shall be punished with: (1) a fine of One Hundred Thousand Pesos (P100,000.00) for the first offense; (2) a fine of Three Hundred Thousand Pesos (P300,000.00) for the second offense; and (3) a fine of Five Hundred Thousand Pesos (P500,000.00) for the third offense;
- b. Failure to properly maintain the system resulting to service interruption shall be fined: (1) Fifty Thousand Pesos (P50,000.00) to One Hundred Thousand Pesos (P100,000.00) for the first offense; (2) One Hundred Thousand Pesos (P100,000.00) to Two Hundred Thousand Pesos (P200,000.00) for the second offense; and (3) Two

Hundred Thousand Pesos (P200,000.00) to Three Hundred Thousand Pesos (P300,000.00) for the third offense;

- c. Failure to secure Annual Passengers Insurance Coverage shall be fined Ten Million Pesos (P10,000,000.00);
- d. Failure to operate shall be fined with One Million Pesos (P1,000,000.00) for every day of non-operation, and cancellation of its franchise or authority after thirty (30) days of non-operation, except when caused by force majeure or fortuitous event;
- e. Failure to comply with safety and security regulations resulting to injury or loss of life and damage to property shall be fined with Fifty Thousand Pesos (P50,000.00) for injury and Three Hundred Thousand Pesos (P300,000.00) for every loss of human life;
- f. Failure to maintain adequate spare parts inventory shall be fined with an amount equivalent to the cost of the required spare parts;
- g. Failure to maintain a maintenance and accident record shall be fined with: (1) One Hundred Thousand Pesos (P100,000.00) for the first offense;(2) Two Hundred Thousand Pesos (P200,000.00) for the second offense; and (3) Three Hundred Thousand Pesos (P300,000.00);
- h. Failure to comply with regulations on cleanliness and sanitation shall be fined with: (1) One Hundred Thousand Pesos (P100,000.00) for the first offense;(2) Two Hundred Thousand Pesos (P200,000.00) for the second offense; and (3) Three Hundred Thousand Pesos P300,000.00) for the third offense; and
- i. Failure to comply with orders, decisions and similar issuances of the Authority shall be fined with One Hundred Thousand Pesos (P100,000.00) for every day of non-compliance.

ARTICLE XXVIII BUDGETARY SUPPORT

Sec. 94. Initial Funding Support. – The Amount of Five Hundred Million Pesos (P500,000,000. 00) and Fifty Million Pesos (P50,000,000.00) shall be allocated to the Authority and the Regulatory Board respectively, out of the unprogrammed fund in the General Appropriation as initial funding support to these two (2) bodies.

Sec. 95. Annual Budgetary Support. – The annual budgetary requirements of the Authority and the Regulatory Board and other railway institutions created under this Act shall be provided in the Annual General Appropriations Act.

**ARTICLE XXIX
APPLICABILITY OF THIS ACT**

Sec. 96. *Applicability of this Act.* This Act shall apply to the development and implementation of railway projects and the operations of railway systems in the country, both public and private.

**ARTICLE XXX
APPLICABILITY OF EXISTING LAWS AND REGULATIONS**

Sec. 97. *Applicability.* – In so far as they are not inconsistent with this Act, the provisions of the Corporation Code and Republic Act 6957 otherwise known as “An Act Authorizing the Financing, Construction, Operations and Maintenance of Infrastructure Projects by the Private Sector and For Other Purposes” shall be applicable to the operation of the Authority.

**ARTICLE XXXI
CONSOLIDATION OF EXISTING RAIL
OFFICES AND AGENCIES**

Sec. 98. *Consolidation.* – Upon the approval of this Act, The Philippine National Railways (PNR), the Light Rail Transit Authority (LRTA), the Panay Railways, Incorporated, the North Luzon Railway Corporation (*NORTHRAIL*) and all other rail offices and agencies shall be deemed abolished upon the approval of this Act and their functions, projects, assets and liabilities shall be assumed, absorbed and transferred to the Authority. The Authority shall be given a transition period of six (6) months to one (1) year to carry out this provision of this Act.

Sec. 99. – The assets and liabilities of the EDSA Light Rail Transit of the Department of Transportation and Communications in so far as its existing Build-Lease Transfer Contract with the Metro Rail Transit Corporation (MRTC) are likewise deemed transferred to, and assumed by, the Authority.

Sec. 100. *Valuation.* – The assets of the existing railway offices and agencies mentioned in Section 100 hereof shall be valued by the Commission on Audit, and their respective liabilities determined by the Commission on Audit and Department of Finance.

Sec. 101. – The plantilla personnel of the existing rail offices and agencies holding either permanent or contractual positions may be absorbed by the Authority or retired from the service, subject to existing laws, rules and regulations and the guidelines that the Department of Budget and Management may issue for this purpose.

ARTICLE XXXII
CONGRESSIONAL OVERSIGHT COMMITTEE

Sec. 102. – *Congressional Oversight Committee.* A Congressional Oversight Committee is hereby created composed of the Chairpersons of the Committee on Public Services of the Senate and the Committee on Transportation and Communications of the House of the Representatives as Chairpersons and four (4) members from each House as Members, 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.

ARTICLE XXXIII
SEPARABILITY AND REPEALING CLAUSES

Sec. 103. *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. 104. *Repealing Clause.* – The provisions of Republic Act No. 1156, as amended and Executive Order No. 603, as amended, 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.

ARTICLE XXXIV
EFFECTIVITY

Sec. 105. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.