

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

SIXTEENTH CONGRESS
Third Regular Session

House Bill No. 3421



Introduced by HON. MARIA LEONOR G. ROBREDO

EXPLANATORY NOTE

The first rail tracks in the Philippines were laid in 1891. The tracks trailed from Manila to Dagupan and were extended to more places in central and northern Luzon.

On September 13, 1931, the first train to Bicol was put into operation. From then, our trains served as bridge in bringing central government services to Bicol's grassroots.

Known presently as the Bicol Express, the Philippine National Railways' (PNR) Bicol-bound trains have been vital in the Region's economic growth and development. It has been a necessity indispensable to maintain and improve Bicol's competitiveness with the more progressive regions in the country.

For reasons of continuing Bicol's development, this measure seeks that the PNR's charter be extended for another 50 years. Aside from intentions of progress, PNR is the only franchisee in the country that holds 750km of continuous right of way into the Region's territory.

The proposed legislation also aims to open PNR operations to joint ventures with the private sector.

The private sector being involved in government transactions has proven to be beneficial for effective governance. It is a way of fostering greater participation from the public. Opening the PNR's operations for partnerships will not only provide the needed checks and balances but it will more importantly allow the experts from the private sector to share their knowledge and capabilities in improving the institution's system and services.

An efficient railway system is an essential ingredient in any country's development. It is the viaduct that channels every kind of service into the different parts and areas of a nation. Our trains have brought development to our country's grassroots for more than a century. It is on this note that the immediate passage of this bill is sincerely sought.

A handwritten signature in black ink, appearing to read "Maria Leonor Gerona-Robredo".

MARIA LEONOR GERONA-ROBREDO

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

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 3421

Introduced by REP. MARIA LEONOR GERONA – ROBREDO

**AN ACT AMENDING REPUBLIC ACT NO. 4156, ENTITLED "AN
ACT CREATING THE PHILIPPINE NATIONAL RAILWAYS,
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND
PROVIDING FOR THE NECESSARY FUNDS FOR ITS
OPERATIONS," AS AMENDED BY REPUBLIC ACT NO. 6366 AND
PRESIDENTIAL DECREE NO. 741**

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

Section 1. Section 1 of Republic Act 4156, as amended, is hereby amended as follows:

Term Extension. As a declared national policy, the Philippine National Railways, being a factor for socio-economic development growth, shall (a) remain in and under the majority ownership of government with a share of at least 51 percent during its corporate existence to ensure the primacy of the public interest in a nationwide railway system; (b) become open to joint ventures with the private sector with proven experience in rail operations and other relevant qualifications up to a maximum share of 49 percent subject to public bidding and applicable laws in order to bring private sector efficiency and business expertise into the organization; (c) be administered with the view of maximizing the value of its franchise and assets in order to support its train service and operations including entering into commercial and other business ventures with the private sector subject to public bidding and applicable laws procurement law; and its corporate life is hereby extended for another 50 years.

Section 2. Section 3 of Republic Act 4156, as amended, is hereby amended as follows:

Authorized Capital Stock of the Philippine National Railways. The authorized capital stock of the Philippine National Railways shall be One Hundred Billion Pesos (P100,000,000.000.00) divided into Five Hundred Million (500,000,000) common shares all with par value at Two Hundred Pesos (P200.00), which shall include the present authorized capitalization of

One Billion Five Hundred Million Pesos (P1,500,000,000.00); Provided, that the increase in the authorized capital shall be subscribed up to at least 51% by the National Government and other government institutions, corporations, instrumentalities, and agencies, whether national or local, within the framework of their respective charters, with the remaining 49% to be opened to subscription and investment by the private sector in accordance with Section 1 above; Provided further, that all the obligations of the Philippine National Railways to the National Government and its instrumentalities, including, but not limited to, the Bureau of Internal Revenue and the Government Service Insurance System, as of the date of the approval of this Act, as recommended by the Board of Directors of the Philippine National Railways and determined and agreed upon by the Department of Transportation and Communications, shall be converted into capital stocks of the Philippine National Railways and made a part of the subscription; Provided further that the authorized capital can be increased from time to time as may be needed, as recommended by the Board of Directors of the Philippine National Railways and determined and agreed upon by the Department of Transportation and Communications and approved by the President of the Republic of the Philippines, to be placed on behalf of the National Government under the name of a government entity, as may be legally practicable, such as, but not limited to, the Bureau of Treasury.

Whatever balance remaining of the authorized capital of the Philippine National Railways shall be paid using a continuing annual appropriation of any funds in the National Treasury, to be programmed and released by the Department of Budget and Management in accordance with the schedule of cash requirements to be prepared and submitted by the Philippine National Railways specially insofar as capital expenditures are concerned, such as, but not limited to, maintenance and rehabilitation of railways, to improve and/or increase its track lines; Provided, that this continuing annual appropriation shall remain in force until the authorized capital stock subscribed by the Government shall have been paid in full.

Section 3. Section 12 of Republic Act 4156, as amended, is hereby amended as follows:

Exemption from taxes, duties and port charges or dues, customs bonds and port charges. All revenues and assets of the government-owned shares of the Philippine National Railways used directly and indirectly by it in relation to its principal purpose of providing a nation-wide railroad and transportation system shall be exempt from taxes. The Philippine National Railways shall also be exempt from all import duties on all railway materials, rolling stocks, spare parts, supplies and equipment imported in the Philippines for and/or by the Philippine National Railways in order to reduce the cost of maintaining and improving train service and operations for the benefit of the public.

Section 4. Separability Clause. — If any provision of this Act or the application thereof to any person or circumstance is held to be void, or unconstitutional, any other provision not affected thereby shall remain in full force and effect.

Section 5. Repealing Clause. All laws or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly, except Republic Act No. 10149, otherwise known as the "GOCC Governance Act of 2011".

Section 6. Effectivity. This Act shall take effect upon approval.

Approved.