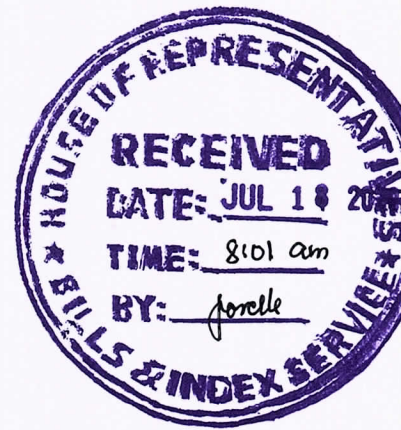


Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7117



INTRODUCED BY
REP. ALFRED VARGAS

AN ACT
RESTRUCTURING THE PHILIPPINE NATIONAL RAILWAY SYSTEM,
CREATING THE PHILIPPINE NATIONAL RAILWAY DEVELOPMENT
AUTHORITY, THE PHILIPPINE RAILWAY CORPORATIONS,
APPROPRIATING FUNDS THEREFOR AND OTHER PURPOSES

EXPLANATORY NOTE

The transport system is the lifeline of a nation. It carries the speed and efficiency on the road to progress. Global experts believe that rail transport systems are more energy efficient and economical than roads. A reliable and efficient railway system provides timely mobility to passengers, goods and services, which are key elements to economic growth.

The Philippines has been operating railways for over a hundred years yet our rail infrastructure lags behind our neighboring countries. There seem to exist unresolved systematic and institutional issues. The deficiency is made worse by the fact that there is a regulatory chaos since there is no central authority regulating the Philippine Railway System.

The existing regulatory framework failed to address the daily problems encountered by the train system, particularly by the Light Rail Transit (LRT) and the Metro Rail Transit (MRT). The usual technical failures lead to unsuccessful delivery of efficient, safe, and comfortable mode of transportation to the riding public. The case of Philippine National Railways (PNR) is worse, as it desperately needs modernization.

The incumbent administration aims to complete six of 10 railroad projects by mid-2022. Of the six railway projects, one is a 102-km Mindanao Rail project that runs from Digos City in Davao del Sur through Davao City to Tagum City in Davao del Norte.

As for Visayas, there is no plan yet for a railway system, which can render necessary services in the transport of goods and people around these areas. Consequently, the absence of functioning railways and trains have hampered potential economic growth and development.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



ALFRED VARGAS

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS

Second Regular Session

House Bill No. 7117

**INTRODUCED BY
REP. ALFRED VARGAS**

**AN ACT
RESTRUCTURING THE PHILIPPINE NATIONAL RAILWAY SYSTEM,
CREATING THE PHILIPPINE NATIONAL RAILWAY DEVELOPMENT
AUTHORITY, THE PHILIPPINE RAILWAY CORPORATIONS,
APPROPRIATING FUNDS THEREFOR AND OTHER PURPOSES**

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

**ARTICLE I
GENERAL PROVISIONS**

SECTION 1. *Short Title.* – This Act shall be known as the “*Philippine National Railway Restructuring Act*”.

SECTION 2. *Declaration of Policy.* – It is the policy of the State to utilize railways systems 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.

**ARTICLE II
PHILIPPINE NATIONAL RAILWAY DEVELOPMENT AUTHORITY**

SECTION 3. *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 (“PNRDA”), 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.

SECTION 4. *Mandate.* – The Authority shall regulate all aspects of the operations of the Railway Corporations, presently operating, those created under this Act, as well as such other railway corporations which may be established in the future. Said mandate of the Authority shall apply to railway entities owned and/or operated either by government or by the private sector.

SECTION 5. *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;
- (d) To acquire, own, hold, administer and lease such real and personal properties as it deems necessary or convenient in governing its affairs and to encumber, lease, mortgage, sell, and alienate or otherwise dispose of the same except its right-of-way;
- (e) 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;
- (f) To prescribe, fix and regulate the scheduled, frequency and route of railway services;
- (g) To privatize any part or all of the railway system or any sub-system under the supervision and regulation of the Authority, with the prior approval of Congress, and to permit the party that acquires the system an authority to operate the same subject first to the grant of a congressional franchise;
- (h) To formulate and adopt a master plan for a modern national railway system with ecological and environmental standards;
- (i) 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;
- (j) To call upon any government agency or instrumentality for such assistance as maybe necessary in the discharge of its duties and functions;
- (k) To promulgate such rules and regulations as may be necessary to carry out the objectives of this Act;

- (l) To perform such other powers as may be necessary to carry out the purpose of this Act.

ARTICLE III RAILWAY STANDARDS

SECTION 6. *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 Board shall set the necessary routes, fares, and standards on safety and security, and facilities for the easy access by persons with disabilities (PWD) and senior citizens, to be observed by all railway operators, be they public or private. The fare and standards on safety and security must be compliant with international standards and best practices.

SECTION 7. *Rules and Regulations.* – The board shall formulate rules and regulations on the following:

- (a) Uniform 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 operations 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, rate and other fees and charges;
- (i) Railway security and safety; and
- (j) Imposition of fines and penalties.

ARTICLE IV BOARD OF DIRECTORS

SECTION 8. *Board of Directors: Composition.* – The powers and functions of the Authority shall be exercised through a Board of Directors, hereinafter referred to as the Board, to be composed of five (5) members; the secretary of the department of transportation as the chairman, the three (3) general managers of the railway corporation, and one (1) member from the private sector appointed by the President of the Philippines, for a term, or terms, in accordance to Republic Act (RA) 10149.

Members of the Board shall receive a *per diem* of not more than ten thousand pesos (Php 10,000.00), or as otherwise set by the Department of Budget and Management, for every board meeting: *Provided, however,* That the *per diem* collected per month does not exceed the equivalent four (4) meetings.

SECTION 9. *Functions, Meetings, Quorum, and Reports 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 Governance Commission on Government-Owned and Controlled Corporations (GCG);
- (b) Appoint all officials down to the third level and authorize the Administrator of the Authority to appoint all others.
- (c) Formulate policies, rules and regulations, plans and projects and programs;
- (d) Establish financial and operations targets for management as the basis for evaluating and monitoring corporate performance;
- (e) Authorize such expenditures for the effective and efficient administration and operations of the Authority; and
- (f) Submit an annual report of the operation of the Authority, through the Secretary of the DOTr, to the President of the Philippines,

Senate President of the Philippines as Speaker of the House of Representatives;

- (g) Meetings of the Board- The Board shall meet regularly once every month at its principal office. There must be notice to all members of the Board, sent through electronic or traditional means, at least three (3) days before said meeting. The Board may also conduct special meetings whenever necessary.

Majority of the members shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the members present, at which there is a quorum, shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the board.

ARTICLE V

ADMINISTRATION OF THE AUTHORITY

SECTION 10. *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. He or she shall be primarily responsible for carrying out the projects and programs of the Authority as well as for the implementation of its policies, rules and regulations, including the faithful execution of the decisions of the Board.

SECTION 11. *Qualifications* – The Administrator must be a 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 or she shall be appointed by the President of the Republic of the Philippines for a term or terms, in accordance with RA 10149.

SECTION 12. *Duties and Responsibilities of the Administrator.* – The Administrator of the Authority shall have the following duties and responsibilities:

- (a) Executive, administer and implement the policies and measures approved by the Board;
- (b) Direct and supervise the operations and administration of the Authority insofar as regulating the operation of 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 or she 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.
- (e) Prepare the annual and supplemental budgets of the Authority; and
- (f) Exercise such other powers and perform such other duties and function as the Board may assign or authorize.

ARTICLE VI

RAILWAY CORPORATIONS

SECTION 13. *Railway Corporations: Name, Duration, and Domicile.* –

There is hereby created three (3) separate and distinct government corporations which shall operate railways in the islands of Luzon, Visayas and Mindanao, to be known, respectively as, the Luzon Railway Corporation (“LRC”), the Visayas Railway Corporation (“VRC”) and the Mindanao Railway Corporation (“MRC”). Said Corporations shall exist for a term of fifty (50) years upon the approval of the President of the Philippines.

The LRC shall have its main office in Clark, Pampanga, the VRC in Panay Island, and the MRC in Tagum City, Davao, and shall have such branches within their respective areas of jurisdiction as may be necessary for the proper conduct of their business.

SECTION 14. *Powers of the Railway Corporation.* – The Railway Corporations herein created shall have the following powers:

- (a) To exercise the right of eminent domain whenever necessary for the attainment of its objectives;
- (b) To borrow money and contract loans, credits, or indebtedness from domestic or foreign sources for the furtherance of its goals and objectives;
- (c) 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

- (d) Generally, to exercise all powers of a corporation under Batas Pambansa Blg. 68 otherwise known as "The Corporation Code of the Philippines," as amended.
- (e) To construct, own lease, operate and maintain public utilities, infrastructure facilities and such auxiliary support services needed to develop and regulate a nationwide railway system.
- (f) 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;
- (g) To own or operate railroad trainways and subways for the purpose of transporting, for consideration, passengers, mails, and property between any point in their respective areas of operation through the use of railways; and
- (h) 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.

Further, the assets, liabilities, powers, and functions of public railway entities, which are owned by the government, shall, upon effectivity of this Act, be transferred and absorbed by the appropriate railway corporation, and all such public railway entities shall be deemed abolished.

SECTION 15. *Authorized Capital Stock of the Railway Corporation.* –

The authorized capital stock of each Railway Corporation shall be Thirty Billion Pesos (Php 30,000,000,000.00) divided into Fifteen Million (Php 15,000,000.00) common shares with a par value of Two Thousand Pesos (Php 2,000.00) each, which shall be fully subscribed by the National Government and other government institutions, corporations, instrumentalities, and agencies, whether national or local, within the framework of their respective charters, twenty percent (20%) of which or Six Billion Pesos (Php 6,000,000,000.00) shall be initially paid-up and the balance shall be paid from a continuing annual appropriation of not less than Two Billion Pesos (Php 2,000,000,000.00), which is hereby appropriated. The said amount shall be programmed and released by the Department of Budget and Management ("DBM") in accordance with the schedule of cash requirements to be prepared and submitted by each

Railway Corporation; Provided, that this continuing annual appropriation of Two Billion pesos (Php 2,000,000,000.00) and the programming and release thereof shall remain in force until the authorized capital subscribed by the Government shall have been paid in full.

SECTION 16. Board of Directors, Composition, and Appointment. – The corporate powers of each Railway Corporation shall be vested in the Board composed of seven (7) Directors. The Undersecretary from the DOTr shall be the Chairperson and the Secretary of Finance shall be the Co-Chair, both acting in their ex-officio capacity. The remaining five (5) members shall be appointed by the President for a term, or terms, in accordance with RA 10149.

Members of the Board shall receive a *per diem* of not more than ten thousand pesos (Php 10,000.00), or as otherwise decided by the DBM, for every board meeting: *Provided, however*, that the *per diem* collected per month does not exceed the equivalent four (4) meetings.

SECTION 17. Qualifications of Appointive Members of the Board. – The appointive members of the Board of Directors shall be Filipino citizens, at least thirty-five (35) years of age at the time of their appointments, and holders of degrees in the fields of transport planning, engineering, economics, management, finance, marketing, law, or related course, with preference for those with master's degrees in such fields or work experience in railway management and operations for at least five (5) years. All such official must be residents of the place where the respective corporations they work for hold their primary office or business, at least one (1) years prior to their respective appointments. Further, they shall be persons of good moral character, competent, and experienced in one or more of the followings fields: transport planning, engineering, economics, management, finance, corporate law, or marketing.

SECTION 18. Powers and Duties of the Board of Directors. – The Board of Directors shall have the following powers and duties:

- (a) To prescribe, amend, or repeal by-laws, rules and regulations, or policies governing the manner in which the general business of the Railway Corporation may be exercised;
- (b) To fix the compensation of the General Manager and Assistant General Managers, subject to the approval of the Government Commission on Government-Owned and Controlled Corporations (GCG), and to appoint and fix the compensation of the other officers of the Corporation;

- (c) To approve, the annual and/ or such annual supplemental budgets of the Corporation;
- (d) By a two-thirds (2/3) vote of all members, to recommend to the President the suspension or removal for cause of the General Manager or Assistant General Manager(s);
- (e) Upon the recommendation of the General Manager, to approve the appointment of all officials of the Corporation from the rank of division head and above;
- (f) Subject to the provisions of applicable laws and regulations, and upon recommendation of the General Manager, to reorganize the Railway Corporations, determine its staffing pattern, or define the functions and duties of organization units and personnel; and
- (g) To expropriate, with rightful compensation, in accordance with RA 10752, the necessary right of way needed by the Corporation to acquire, maintain, and/or expand its track lines.

SECTION 19. General Manager of the Railway Corporation. – The management and day-to-day operations of each Railway Corporation shall be vested in the General Manager who shall be appointed by the President of the Republic of the Philippines, upon the recommendation of the Board of Directors of said Railway Corporations. The General Manager shall possess technical competence in management, preferably in railroad transport management, have demonstrated executive ability, and be of good moral character. The General Manager shall hold office for a term of eight (8) years.

SECTION 20. 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 Railway Corporation on behalf of the Board of Directors, subject to the policies, rules, and regulations established by the latter;
- (b) To sit in all meeting of the Board as a resource person, and to participate in its deliberations, with no right to vote, and to preside in any meeting for or in the absence of the Chairman;
- (c) To recommend to the board short-and-long range plans and programs consistent with the overall objectives of the Railway Corporation;

- (d) To submit and recommend consolidated annual budget and propose capital and other supplemental budgets to the Board;
- (e) To appoint officials and employees below the rank of a division head and to suspend or otherwise discipline for cause, all subordinate officials and employees of the Corporation; Provided, however, that in the case of removal for cause, approval of the Board shall be necessary;
- (f) To recommend to the Board such changes in the organizational structure and staffing patterns of the Corporation as may be necessary to carry out its functions effectively;
- (g) To submit to the President of the Philippines, the Senate President, and the Speaker of the House of Representatives, within sixty (60) days after the close of each fiscal year, an annual report on the operations of the Railway Corporation or such other reports as may be required; and
- (h) To perform such other duties as may be assigned to him or her by the Board of Directors from time to time.

SECTION 21. *Exemption from Taxes, Duties, Port Charges or Dues, and Customs Bonds.* – The Railway Corporations hereby created shall be exempt from the payment of all taxes of any kind and nature such as those imposed by the Municipal, city, provincial, or national government including the Value-Added Tax (VAT), upon its capital stock, franchise, right of way, earning, and all other property owned or operated by it in relation to its principal and auxiliary purposes, and all import duties on all railway materials, rolling stocks, spare parts, supplies and equipment imported in the Philippines for and/or by the Railway Corporation: *Provided, That* this exemption shall extend to wharfage dues, storage charges, arrastre, and shipside charges, and special duties on such importations and other port charges upon the carrying vessels whose entire cargo consists of materials for the construction of its projects or rehabilitation of its lines, facilities, 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: Provided, further, that such exemption shall further extend to the filling of general importer's and general documentary bonds and warehouse bonds for the operation of its warehouses, whether general bonded warehouses or general order store.

SECTION 22. *Audit Personnel and Report.* –

- (a) Personnel – The Commission on Audit (“COA”) shall appoint an Auditor for each of the Railway Corporations, and the necessary

personnel to assist said representative/s in the performance of their respective duties. The number and salaries of the Auditor/s and said personnel shall be determined and paid by the COA.

- (b) Report – The report of audit of each fiscal year, by the Auditor of the Railway Corporation s/he assigned to, to the Board of Directors of the Railway Corporation, and copies thereof shall be furnished the President of the Republic of the Philippines, the Secretary of Transportation and the Senate President and the Speaker of the House of Representatives. 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 of 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 shall also show specifically any program, expenditures or other financial transaction or undertaking observed in the course of the audit, which in the opinion of the Auditor, has been carried on or made without authority of law.

SECTION 23. *Liquidation.* – When its term of existence has expired in accordance with the provisions of this Act, the Railway 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.

ARTICLE VII CONSTRUCTION OF RAILWAYS

SECTION 24. *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 purpose 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.

SECTION 25. *Structural Change.* – No change or replacement of any existing railway structure or methodology shall be allowed without prior approval of the Authority.

SECTION 26. *Right of Entry and Disturbance Fee.* – A railway operator or his authorized agent, including the Railway Corporation herein created, 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.

SECTION 27. *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.

SECTION 28. *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.

SECTION 29. *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.

SECTION 30. *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.

SECTION 31. *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.

SECTION 32. *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.

SECTION 33. *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 there from.

SECTION 34. *Stoppage.* – When the construction or work poses danger to person or property, the Safety Officer may immediately order the stoppage of construction or work unless constrained by the Authority.

ARTICLE VIII RIGHT-OF-WAY

SECTION 35. *Right-of-Way.* – The authority, upon consultation with the Railway Corporations herein created, 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.

SECTION 36. *Intrusion into the Right-of-way.* – Any intrusion into right-of-way by any person shall be punishable by imprisonment as provided under Section 92, Article XXVII hereof.

ARTICLE IX EXPROPRIATION AND OVERRIDING OBJECTIVE OF CONSTRUCTION

SECTION 37. *Expropriation.* – The Railway Corporations herein created may initiate the necessary expropriation proceedings to carry out the objectives of this Act.

SECTION 38. *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 owned or controlled corporations, or local government units (LGUs) 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 73, Article XXI hereof.

SECTION 39. *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 correction shall have been made by the contractor or its resumption is ordered by the Authority.

SECTION 40. *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 implementation of such contract or project, or pursuing any lawful activity necessary for the execution, implementation or operation of such railway project/system.

ARTICLE X RAILWAY OPERATIONS

SECTION 41. *Operations.* – The operator of a railway including the Railway Corporations herein created, 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 the applicable rules and regulations promulgated by the Authority and the Regulatory Board.

SECTION 42. *Suspension and Termination.* – Any operator of a public or industrial railway, including the Railway Corporations herein created, who intends to suspend or terminate its operation shall, within six (6) months, prior to the suspension or termination, give notice thereof to the Authority and to the public.

SECTION 43. *Safety Officer.* – The railway Corporations shall have Safety Officer 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;

SECTION 44. *Qualifications.* - No one shall be appointed as a Safety Officer unless he or she is a graduate of a course related to railway safety and passes the examination given by the Professional Regulatory Commission for the purpose.

SECTION 45. *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.

SECTION 46. *Qualifications.* – No one shall be appointed as a Security Officer unless he or she is a graduate of a course related to security and passes the examination given by the Professional Regulatory Commission for the purpose.

SECTION 47. *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 XIII

COMPLIANCE, ACCIDENTS AND ADMINISTRATIVE PENALTIES

SECTION 48. *Inspection of Railways.* – The Authority shall also have a Railway Safety or Security Officer who shall 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.

SECTION 49. *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.

SECTION 50. *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 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 or she must retain possession of the record, document, object or thing under inspection for a longer period of time, he or she may do so but shall not be longer than three (3) days after receipt thereof.

SECTION 51. *Directions of Railway Safety Officer.* – When a railway safety officer carries out an inspection, he or she 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 PNRDA; 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.

SECTION 52. *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.

SECTION 53. *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.

SECTION 54. *Liability.* – The Operator and his agent shall be jointly and solidarily liable for the fines and penalties provided under this Article.

SECTION 55. *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 XIV REVIEW

SECTION 56. *Review/Appeal.* – Any order issued by a Safety or Security Officer maybe 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.

SECTION 57. *Motion for Reconsideration.* – Any person affected by an order or decisions 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 XV RAILWAY ENERGY PLANT

SECTION 58. *Power Plant.* – In order to ensure a continuous and uninterrupted operation of railway systems in the Philippines, the Corporations herein created 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.

SECTION 59. *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.

SECTION 60. *Railway Engineering Course.* – A four (4)- year baccalaureate course in Railway Engineering Management and other related courses shall be established in the University of the Philippine and/or the Polytechnic University of the Philippines and shall receive an annual

budgetary support which shall be provided in the Annual General Appropriations Act.

SECTION 61. *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.

SECTION 62. *Manufacturing of Railway Equipment.* – The Authority may 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 XVII TRAIN DRIVERS

SECTION 63. *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, with annual certification examinations to test the same.

SECTION 64. *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 XVIII INSURANCE COVERAGE

SECTION 65. *Rail Systems Insurance Coverage.* – All rail systems shall be covered by insurance from natural and man-made disaster by the Government Service Insurance System (GSIS). In the event the management and/or operation of the railway system or any part thereof with a private entity, the insurance shall be covered by an insurance corporation which attained the lowest, most responsive bid after a competitive bidding process, taking into consideration the provisions of this Article

SECTION 66. *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 Two Hundred Thousand Pesos (Php

200,000.00) in case of death and not more than One Hundred Thousand Pesos (Php 100,000.00) in case of an injury exclusive of medical and hospitalization expenses, and these amounts shall be adjusted once every five (5) years based on inflation as determined by the National Economic Development Authority ("NEDA").

ARTICLE XIX ACCOUNTABILITY

SECTION 67. *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.

ARTICLE XX LEGISLATIVE FRANCHISE

SECTION 68. *Legislative Franchise.* – All railway operators are required to secure a franchise from the Congress of the Philippines. Entities already operating with an existing franchise shall have one (1) year during which it must renew the same.

Any entity from the private sector may own, construct, maintain and operate a railway system, *Provided*, that it shall be a holder of the appropriate legislative franchise prior to the construction, maintenance and/or operation of a railway system, and *Provided*, further, that such railway system shall not conflict with that already being operated, managed and maintained by the Railway Corporations herein created.

SECTION 69. *Violation of Legislative Franchise.* - Any person holding a legislative franchise which commits a violation of said franchise shall be subject to the review of the Congress of the Philippines, which may amend, modify, revoke or cancel it franchise, whichever is applicable, and without prejudice to the other punishable acts and imposable penalties under this Article, If any.

ARTICLE XXI PENALTIES

SECTION 70. *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 (Php 10,000.00) as maybe determined by the court.

SECTION 71. 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.

SECTION 72. 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 Million Pesos (Php 1,000,000.00), or both at the direction of the Court.

SECTION 73. 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 (Php 100,000.00) for the first offense; (2) a fine of Three Hundred Thousand Pesos (Php 300,000.00) for the second offense; and (3) a fine of Five Hundred Thousand Pesos (Php 500,000.00) for the third offense;
- (b) Failure to properly maintain the system resulting to service interruption shall be fined: (1) One Hundred Thousand Pesos (Php 100,000.00) to Two Hundred Thousand Pesos (Php 200,000.00) for the first offense; (2) Two Hundred Thousand Pesos (Php 200,000.00) to Three Hundred Thousand Pesos (Php 300,000.00) to Five Hundred Thousand Pesos (Php 500,000.00) for the third offense;
- (c) Failure to secure Annual Passengers Insurance Coverage shall be fined Ten Million Pesos (Php 10,000,000.00);
- (d) Failure to operate shall be fined with One Million Pesos (Php 1,000,000.00) 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 One Hundred Thousand Pesos (Php 100,000.00) for injury and Five

Hundred Thousand Pesos (Php 500,000.00) 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 (Php 100,000.00) for the first offense; (2) Two Hundred Thousand Pesos (Php 200,000.00) for the second offense; and (3) Three Hundred Thousand Pesos (Php 300,000.00);
- (h) Failure to comply with regulations on cleanliness and sanitation shall be fined with: (1) One Hundred Thousand Pesos (Php 100,000.00) for the first offense; (2) Two Hundred Thousand Pesos (Php 200,000) for the second offense; and (3) Three Hundred Thousand Pesos (Php 300,000.00) 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 (Php 100,000.00) for every day of non-compliance.

ARTICLE XXII

CONSOLIDATION OF EXISTING RAIL OFFICES AND AGENCIES

SECTION 74. Consolidation. – Upon the effectivity 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 and their functions, projects, assets and liabilities shall be assumed, absorbed and transferred to the appropriate Railway Corporation, as the case may be. The Railway Corporations herein created shall be given a transition period of six (6) months to one (1) year to carry out this provision of this Act.

SECTION 75. Assets and Liabilities. – The assets and liabilities of the EDSA Light Rail Transit of the Department of Transportation 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 Luzon Railway Corporation.

SECTION 76. 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.

SECTION 77. *Personnel.* – All affected Officers and Personnel who are qualified to receive retirement benefits under RA 1616 and RA 660 shall be entitled to an additional one (1) month salary for every year of service. Any officers or personnel may avail of the same benefits as provided by the immediately preceding paragraph; provided that they voluntarily separate or retire from the service. Provided, further, that they are qualified to receive retirement benefits under RA 1616 and RA 660.

Affected Officers and Personnel shall be all Officers and Employees who are involuntarily removed or separated from the service due to the abolition of their respective agencies by this Act.

ARTICLE XXIII CONGRESSIONAL OVERSIGHT COMMITTEE

SECTION 78. *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 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 XXIV FINAL PROVISIONS

SECTION 79. *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.

SECTION 80. *Repealing Clause.* – The provisions of Republic Act No. 1156, as amended and Executive Order No. 603, as amended, are hereby repealed.

SECTION 81. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,