

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

House Bill No. 2762

Introduced by Representative **JOSEPH GILBERT F. VIOLAGO**

AN ACT
CREATING THE CENTRAL LUZON RAILWAYS CORPORATION, PRESCRIBING ITS
POWER, FUNCTIONS AND DUTIES, AND PROVIDING FUNDS THEREFOR

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

SECTION 1. Name, Duration and Domicile. - A corporation to serve as the instrumentality of the Government of the Philippines in providing a railroad and the transportation system for Central Luzon is hereby created, to be known as the Central Luzon Railways Corporation, and hereafter referred to as the Corporation. The Corporation shall exist for a term of fifty (50) years from the date of the approval of this Act. It shall have its main office in San Jose City and shall have branches in Tarlac City and Angeles City. The construction of the railway network shall consist of two phases within a period of ten (10) years: Phase 1 shall include all the necessary construction works in San Jose City, Municipality of Mufioz, Municipality of Guimba, all in the Province of Nueva Ecija and the municipality of Victoria and Tarlac City, all in the Province of Tarlac; Phase II shall cover all needed works from Tarlac City to the Municipality of Capas, Tarlac leading to its last station in Clark, Angeles City, Pampanga.

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

(a) To own or operate railroads, tramways, and other kinds of land transportation, vessels and pipelines, for the purpose of transporting for consideration, passengers, mails and property from San Jose City to Tarlac City up to Clark, Pampanga.

(b) As an auxiliary to its main purpose, to own and/or manufacture rolling stocks, equipment, tools and other appliances and to construct and operate in connection with its railroad lines, toll viaducts, toll tunnels and the like.

SEC. 3. Authorized Capital Stock of Central Luzon Railways Corporation. -

The Authorized Capital Stock of the Central Luzon Railways Corporation shall be One Billion Pesos (P1 000,000,000.00) divided into Ten Million (P10,000,000.00) shares at par value shares of one hundred pesos each (P1 00.00) which shall be fully

subscribed by the Philippine Government, forty percent (40%) of which or Four Hundred million pesos (P400,000,000.00) shall be initially paid-up and the balance shall be paid from a continuing annual appropriation of not less than two hundred million pesos (P200,000,000) which is hereby appropriated from any funds in the National Treasury not otherwise 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 the Corporation.

Provided, That this continuing annual appropriation of Two Hundred million pesos (P200,000,000.00) and the programming and release thereof shall remain in force until the authorized capital subscribed by the Government shall have been paid in full.

Provided, further, that five (5%) from the proceeds of value-added tax shall be allocated for ten (10) years starting from the passage of this Act to start the needed groundwork for its expansion to cover the provinces of Bataan, Zambales and Bulacan and which allocation shall be administered by the Department of Transportation.

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

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

SEC. 5. Board of Directors, Composition and Appointment. - The corporate powers of the corporation shall be vested in and exercised by a Board of Directors of not more than seven and not less than three members as may be fixed by the President of the Philippines, consisting of chairman, vice-chairman, and other members appointed by the President of the Philippines. The members of the Board need not be stockholders of the Corporation, The first members of the

Board shall serve as designated by the President in, their appointments for terms of one, two, and three years, respectively, from the date they qualify and assume office; but their successors shall be appointed for terms of three, except that any person chosen to fill a vacancy shall serve only for the unexpired term of the member whom he succeeds.

The Chairman and all the members of the Board must be residents of Central Luzon for at least ten (10) years prior to the appointments.

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

(a) To prescribe, amend and repeal the by-laws, rules and regulations governing the manner in which the general business of corporation may be exercised, including provisions for the formation of such committee or committees as the Board of the Directors may deem necessary to facilitate its business.

(b) To appoint and fix the compensation General Manager, subject to the approval of the President of the Philippines, and to appoint and fix the compensation of the other officers of the Corporation. The Board by a majority vote of all the members may, for cause, suspend and/or remove the General Manager.

(c) To approve the annual and/or such supplemental budgets of the Corporation which may be submitted to it by the General Manager from time to time.

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

SEC. 8. Prohibition for Board Members. - No Chairman or member of the Board of Directors of the Corporation shall at the same time serve in the Corporation in any capacity whatsoever other than as Chairman or member thereof, unless otherwise authorized by the President of the Philippines or existing law.

SEC. 9. Management. - The management of the Corporation shall be vested in the General Manager.

SEC. 10. Powers and Duties of the General Manager. - The General Manager shall have the following powers and duties:

(a) To direct and manage the affairs and business of the Corporation on behalf of the Board of Directors, and subject to its control and supervision;

(b) To sit in all meetings of the Board of Directors, as Vice-chairman, and participates in its deliberations, with the right to vote, and to preside any meetings for or in the absence of the Chairman;

(c) To submit within sixty (60) days after the close of each fiscal year an annual report, through the Board of Directors, to the office of the President of the Philippines;

(d) To appoint and fix the number and salaries, with the approval of the Board of Directors, to remove, suspend, or otherwise discipline, for cause, any subordinate employee of the Corporation; and

(e) To perform such other duties as may be assigned to him by the Board of Directors from time to time.

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

SEC. 12. Exemption from Taxes and Duties and Port Charges. - The Corporation is hereby exempt from payment of all taxes of every name and nature municipal, city, provincial or national—upon its capital stock, franchises, right of way, earnings, and all other property owned or operated by it and all duties on all railways materials, supplies and equipment imported in the Philippines for and/or by the said Corporation.

SEC. 13. Audit Personnel and Report. —

(a) Personnel - The Commission on Audit shall appoint a representative who shall be the Auditor of the Corporation, and the necessary personnel to assist said representative in the performance of his/her duties.

(b) Report - The financial transaction of the Corporation shall be audited in accordance with law, administrative regulations and the principles and procedures applicable to commercial corporate transactions. A report of audit for each fiscal year, by the representative of the Commission on Audit, through the latter, to the Board of directors of the Corporation, and copies thereof shall be furnished the President of the Philippines, and the Chairmen of the Senate Committee on Public Services and the House Committee on Transportation. The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital and surplus or deficit; a statement and surplus or deficit analysis; statement of income and expenses; a statement of sources and application of funds; and such recommendations and information as may be necessary, together with such recommendations with respect thereto as may

be advisable, including a report of any impairment of capital noted in the audit. The report also shows specifically any program, expenditures or other financial transaction or undertaking observed in the course of audit, which in the opinion of the Auditor, has been carried on or made without authority of law.

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

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

SEC. 16. Liquidation. - When its term or period of existence has expired in accordance with the provision of this Act, the Corporation shall nevertheless continue as a body corporate for three (3) years after the time of its dissolution for the purpose of prosecuting and defending suits by or against it and of enabling it gradually to settle and close its affairs, to dispose of and convey its properties, but not for the purpose of continuing the business for which it was established. In order to carry out its liquidation, upon the dissolution of the Corporation, a Board of Liquidators shall be appointed by the President to take charge of winding up its corporate affairs and effecting its liquidation.

SEC. 17. Strikes During National Emergency. - The provisions of law to the contrary notwithstanding, in cases of national emergency, or when in the opinion of the President of the Philippines, the national security or interest is in imminent danger, employees and laborers of the Corporation shall not strike for the purpose of securing changes or modification in their terms and conditions of employment during said period of emergency.

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

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

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

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

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

Approved,

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EXPLANATORY NOTE

The Philippine National Railways used to operate in 479 kilometers of route from La Union up to the Bicol region. However, due to neglect and mismanagement, PNRs coverage was greatly reduced. On the North Main Line, it served the provinces of Bulacan, Pampanga, Tarlac, Nueva Ecija, Pangasinan and La Union and on the South Main Line, Batangas. Due to its decline, buses became the most favorable mode of transport.

It was reported many times before that the North Main Line will be partly replaced under the current Northrail Project, but due to the numerous problems— legal, technical and administrative— as well as unresolved funding controversies and anomalies hounding the project, we could not expect any swift resolution of these complexities and an effective start of this project in the years to come.

Hence, this project is proposed.

It is of common knowledge that all vehicles coming from Northern Luzon going to the National Capital Region and vice-versa either passes at McArthur Highway in the western board or at Maharlika Highway, formally known as Pan-Philippine Highway in the east.

These strategic highways cover the provinces of Tarlac and Nueva Ecija—no goods and passenger reach Manila without having to pass either route.

Yet, despite its strategic locations in facilitating economic development, the full potentials of Central Luzon is not realized. True, they are considered the powerhouses in grain production, alongside its sister provinces and one of the biggest contributors to the nation's economy, but its industrial progress still remains distant as it lacks the necessary nexus and infrastructure development that could propel it to be one powerful industrial center while at the same time

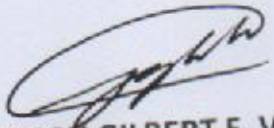
contributing to the rapid development of tourism in the provinces of Northern Luzon.

Verily, this proposed railway network will immensely benefit the region's populace in terms of faster and safer transport services, but will also accelerate trade and commercial activities and enhance the productivity of the people not just in the region but also in all of the northern provinces of Luzon.

Just imagine its potentials when connecting trains from Pangasinan leading to La Union in the years ahead will link up with this proposed railway system of Central Luzon could complete an ideal rail transport network that would certainly usher in a booming agricultural development and industrialization. With a simultaneous rehabilitation and revitalization of the Bicol railway network, the country would have achieved an integrated modern and efficient railway network leading to all of Luzon's airports and seaports, carrying thousands of people and goods every day, with Central Luzon serving as the primary dynamo and model for such goal and vision.

One-stop central depots for grains and other agricultural products could also be developed in both Tarlac City, San Jose City and Clark, Angeles City which will reduce considerably the cost of transporting goods to Manila and which will help ease traffic congestion in Metro Manila. The mobility of those going to the North Luzon will also be improved.

In view of the myriad and optimal benefits to socio-economic development that this proposed bill seeks to attain, the passage of this measure is earnestly requested.



JOSEPH GILBERT F. VIOLAGO