

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

NINETEENTH CONGRESS
First Regular Session

House Bill No. **8509**



INTRODUCED BY REPRESENTATIVE BERNADETTE "BH" HERRERA

**AN ACT
CREATING GREATER CAPITAL REGION SUBWAY CORPORATION
OTHERWISE KNOWN AS THE "GCR" SUBWAY CORPORATION
VESTING THE SAME WITH AUTHORITY TO CONSTRUCT AND OPERATE THE
METRO MANILA SUBWAY PROJECT, AND PROVIDING FUNDS THEREFOR**

EXPLANATORY NOTE

The State recognizes the vital role of interconnectivity, mobility, and transportation not only to ease and improve the Filipinos' quality of life, but also as important ingredients in nation-building. The State also recognizes that economic growth, stability, and security of the nation require an efficient, reliable, adequate, economical, safe, convenient, and dependable transportation system that shall be responsive to the demands of the people and their fast-paced way of life.

This being said, it is needless to state that Greater Capital Region encompassing the National Capital Region (NCR) and adjacent provinces of Bulacan, Pampanga, Cavite and Laguna, with its growing population is the premier metropolis of the country. As such, it requires an efficient mass transportation system which can provide safe, quick, and reliable mobility to keep up with the urban-dwelling Filipino.

Thus, the National Transport Policy was formulated by the government to help achieve the Transport Vision of a "safe, secure, reliable, efficient, integrated, intermodal, affordable, cost-effective, environmentally sustainable, and people-oriented national transport system that ensures improved quality of life of the people". Accordingly, the National Transport Policy was adopted by the National Economic Development Authority (NEDA) Board on 27 June 2017, and the same was published on 14 February 2018.¹

Consequently, a Metro Manila Subway project is now being constructed, which would be integrated with the public transit system in Greater Capital Region and is likewise designed to connect with other urban rail transit services, such as the Light Railway

¹ <https://neda.gov.ph/national-transport-policy>.

Transit (LRT) Line 1, Metro Railway Transit (MRT) Line 3, and Metro Railway Transit (MRT) Line 7 in the region.

Dubbed as the "Project of the Century", the subway line's groundbreaking took place on 27 February 2019, and its construction began the following December. Hopefully, it will be partially opened in 2028, and is slated to be fully operational by 2029. The project is expected to cost PhP 488 billion, with much of being covered by a loan provided by the Japan International Cooperation Agency (JICA).

While the cost is indeed considerable and significant, the same will certainly be outweighed by the convenience the subway system is expected to provide to the general public.

Therefore, to ensure that the project's purpose is fully realized, it is imperative to provide an organizational structure that will oversee the effective implementation of the Metro Manila Subway project, including the construction and operation thereof.

Thus, based on the foregoing, the swift passage of this house bill is earnestly sought.



BERNADETTE "BH" HERRERA
Representative
Bagong Henerasyon Partylist

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

Section 1. Short Title. – This Act shall be known as the “Greater Capital Region Subway Corporation Act of 2023.”

ARTICLE 1
DECLARATION OF POLICY AND CREATION OF THE GCR SUBWAY
CORPORATION

Section 2. Declaration of Policy. The State recognizes the vital role of communication, interconnectivity, mobility, and transportation in nation-building. The State adheres to its policy of providing, developing, and sustaining projects and infrastructure that make available efficient, safe, accessible, affordable, and reliable transportation for a globally competitive nation. The State also recognizes that economic growth, stability, and security of the nation require an efficient, adequate, economical, safe, convenient, and dependable transportation system that shall be responsive to the demands of the growing population.

It is hereby declared to be the policy of the State to promote, encourage, and protect the mutual intermodal and intramodal complementation, cooperation, and synchronization of the common carrier services in the most practicable, expeditious, and organized manner with maximum safety, utility, service, and cost effectiveness, as goals for both the public who avail of these facilities and the investors/operators who provide the transportation services; to foster sound economic conditions within the transportation industry and among the several modes and common carriers, in order that a healthy, dynamic, and strong private sector can meet the transportation requirements of the nation.

In the pursuit hereof, a Metro Manila Subway project is now being constructed. The line is integrated with the public transit system in the Greater Capital Region, and is also designed to connect with other urban rail transit services, such as the Light Railway Transit (LRT) Line 1, Metro Railway Transit (MRT) Line 3, and Metro Railway Transit (MRT) Line 7 in the region.

With the construction of the Metro Manila Subway, it is imperative to provide an organizational structure that will oversee the effective implementation of the Metro Manila Subway project, including the construction and operation thereof.

Section 3. Creation of the Corporation. To carry out the foregoing transportation policy, and integrate it with the establishment and operation of the Metro Manila Subway, there is hereby created a corporate body to be known as the Greater Capital Region Subway Corporation otherwise known as the GCR SUBWAY CORPORATION, hereinafter called the "CORPORATION", which shall be primarily responsible for the construction, operation, maintenance, and/or lease of subway rail transit systems in the Philippines, giving due regard to the reasonable requirements of the public transportation system of the country, as well as of the other entities governing the operation of the other lines interconnected with the Metro Manila Subway, such as the Light Rail Transit Authority, or the LRTA.

The principal office of the Corporation shall be in the National Capital Region, but it may establish branches and agencies elsewhere within the Philippines, as may be necessary for the proper conduct of its business and the discharge of its functions. The Corporation shall be attached to the Department of Transportation.

The Corporation shall conduct its business, according to prudent commercial principles and shall ensure, as far as possible, that its revenues for any given year are, at least sufficient to meet its expenditures. Any excess of revenues over expenditure in any fiscal year may be applied by the Authority in any way consistent with this Act, including such provisions for the renewal of capital assets and the repayment of loans, as the Corporation may consider prudent.

Section 4. Board of Directors. – The powers and functions of the Corporation shall be vested in and exercised by its Board of Directors which shall be composed of the Secretary of Transportation as Chairman; the Secretary of Finance, the Secretary of Socio-Economic Planning or the National Economic and Development Authority (NEDA) Director General, the Secretary of Public Works and Highways, the Secretary of Budget and Management, the Chairman of the Land Transportation Franchising and Regulatory Board, the President of the Metro Manila Council, and the Administrator of the Corporation, as ex-officio members; and one (1) representative from the private sector to be appointed by the President. The appointed director shall serve for a term of two (2) years.

The officials next in rank to, or such officials duly designated by the regular members shall serve as alternate members, except that, in the absence of the Chairman, the Board shall elect a temporary presiding officer. The alternate members shall attend meetings of the Board and committees assigned to them by their principals and receive the corresponding *per diem*, whenever their principals are absent or said positions are vacant.

The Chairman and each Member of the Board shall receive a monthly commutable representation allowance of FIFTY THOUSAND PESOS (PhP 50,000.00) and *per diem* of FIVE THOUSAND PESOS (PhP 5,000.00) for every meeting of the Board

attended. Provided, that the total amount of *per diem* which each may receive shall not exceed ONE HUNDRED THOUSAND PESOS (PhP 100,000.00) a month.

ARTICLE 2 CORPORATE POWERS

Section 5. General Powers. The Corporation, through the Board of Directors, may undertake such action as are expedient for, or conducive to the attainment of the purposes and objectives of the Corporation, or of any purpose reasonably incidental to or consequential to the purposes of this Act. As such, the Corporation shall have the following general powers:

- (1) To have continuous succession under its corporate name, until otherwise provided by law.
- (2) To prescribe, amend, and/or repeal its By-laws.
- (3) To adopt and use a seal and alter it at its pleasure.
- (4) To sue and be sued.
- (5) To contract any obligation or enter, assign, or accept the assignment of, and vary or rescind any agreement, contract of obligation necessary or incidental to the proper management of the Corporation.
- (6) To borrow funds from any source, private or public, foreign or domestic, and to issue bonds and other evidence of indebtedness, the payment of which shall be guaranteed by the National Government, subject to pertinent borrowing law.
- (7) To acquire, receive, take and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, from foreign and domestic sources, any assets, grant or property, real or personal, subject to such limitations as are provided in existing laws; to convey or dispose of such assets, grants, or properties, movable and immovable; and invest and/or reinvest such proceeds and deal with and expand its assets and income in such a manner as will best promote its objectives.
- (8) To improve, develop or alter any property held by it.
- (9) To carry on any business, either alone or in partnership with any other person, persons, or entity.
- (10) To employ an agent or contractor or perform such things as the Authority may perform.
- (11) To exercise the right of eminent domain, whenever the Corporation deems it necessary for the attainment of its objectives.
- (12) To prescribe rules and regulations in the conduct of its general business as well as to fix and implement the terms and conditions of its related activities.
- (13) To determine the fares payable by persons travelling on the Metro Manila Subway system, in consultation with the Department of Transportation.
- (14) To establish, operate, and maintain branches or field offices when required by the exigencies of its business.

- (15) To determine its organizational structure and the number, positions, and salaries of its personnel, subject to pertinent organization and compensation law; and
- (16) To exercise such powers and perform such duties as may be necessary to carry out the business and purposes for which the Corporation was established or which, from time to time, may be declared by the Board of Directors to be necessary, useful, incidental or auxiliary to accomplish such purposes; and generally, to exercise all powers of any authority under the Corporation Law that are not inconsistent with the provisions of this Act, or with orders pertaining to government corporate budgeting, organization, borrowing, or compensation.

Section 6. Specific Powers. The Board shall have the following specific powers:

- (1) To provide comprehensive policy guidance for the development, operation, and promotion of a Greater Capital Region Subway system as provided for in this Act.
- (2) To formulate a comprehensive and practicable plan/program for the early completion of a Greater Capital Region Subway system to employ the necessary consultancy services therefor and to organize and employ personnel for a Project Management Office that will supervise the construction of the said Subway system.
- (3) To borrow or otherwise raise money and charge all or part of its properties as security therefor.
- (4) To create and issue bonds, notes or other securities which may be charged on the property, undertaking and/or revenue of the Corporation of any part thereof.
- (5) To invest any funds of the Corporation available for investment.
- (6) To cooperate, coordinate, and exchange such information, studies, and reports with, and to seek the cooperation of other agencies and instrumentalities of the National Government including government-owned or controlled corporations, as will be most effectively conducive to the achievement of the purposes of this Act.
- (7) To provide managerial or administrative expertise including the rendering of professional and training services for the development of the staff and employees of the Corporation.
- (8) To issue orders, not inconsistent with this Act, negotiating the work and conduct of its personnel.
- (9) To appoint, discipline, and remove personnel of the Corporation subject to limitations provided by law.
- (10) To recommend to the President, through the National Economic and Development Authority (NEDA), the establishment of subway rail systems, where feasible, in other parts of the country.
- (11) To report annually to the President on the status of its operations and finances, not later than ninety (90) days after the year end; and
- (12) To perform such acts as are proper and necessary to carry out the purposes of the Corporation.

ARTICLE 3 BORROWING AUTHORITY

Section 7. Domestic Indebtedness. Whenever the Board deems it necessary for the Corporation to incur indebtedness by contracting loans with domestic financial institutions or to issue bonds to carry out the purpose for which the Corporation has been organized, it shall, by resolution, so declare and state the purpose for which the proposed debt is to be incurred and such terms and conditions as it shall deem appropriate for the accomplishment of the said purpose; Provided, That in the case of bond issued, the same shall be subject to the approval of the President of the Philippines, upon recommendation of the Secretary of Finance.

The bonds issued under the authority of this section shall be exempt from the payment of all taxes by the Republic of the Philippines, or by any authority, branch, division, or political subdivision thereof, which parts shall be stated upon the face of said bonds.

A sinking fund shall be established by the Corporation in such manner that the total annual contribution thereto, accrued at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this section. The sinking fund shall be under the custody of the Central Bank of the Philippines, which shall invest the same, subject to the approval of the Board and the Secretary of Finance in consultation with the Monetary Board: Provided, That the proceeds thereof shall accrue to the Corporation.

The Republic of the Philippines hereby guarantees the payment by the Corporation of both the principal and the interest of the bonds or other evidence of indebtedness and shall pay such principal and interest in case the Corporation fails to do so. Provided, that the sums so paid by the Republic of the Philippines shall be refunded by the Corporation; and provided, further, that the Corporation, to assure such refunding, shall establish reserves or sinking funds and comply with such other restrictions and conditions as the Secretary of Finance may prescribe and establish for that purpose.

Section 8. Foreign Loans. The Corporation is hereby authorized to contract loans, credits or indebtedness in any convertible foreign currency or capital goods, from foreign governments or any international financial institutions or fund source, or to issue bonds, the total outstanding amount of which, exclusive of interests, shall not exceed PhP 300 billion or the equivalent thereof in other currencies, on such terms and conditions as it shall deem appropriate for the accomplishment of its purposes and to enter into and execute agreements and other documents specifying such terms and conditions.

Any loan, credit, indebtedness, contracted by the Corporation and the payment of the principal, interest and other charges thereon, as well as the importation of machinery, equipment, materials, supplies, and services paid from the proceeds of any such loan, credit or indebtedness shall be exempt from all direct and indirect taxes, customs duties, fees, imposts, other charges and restrictions, including import restrictions,

previously and presently imposed and to be imposed by the Republic of the Philippines, or any of its agencies and political subdivisions.

ARTICLE 4

TAX AND DUTY EXEMPTIONS

Section 9. Equipment, Machineries, Spare Parts, Accessories and Materials. The importation of equipment, machineries, spare parts, accessories and other materials, including supplies and services, used directly in the operations of the Metro Manila Subway system, not obtainable locally on favorable terms, out of any funds of the Authority including, as stated in Section 7 above, proceeds from foreign loans, credits or indebtedness, shall, likewise, be exempted from all direct and indirect taxes, customs duties, fees, imposts, tariff duties, compensating taxes, wharfage fees and other charges and restrictions, the provisions of existing laws to the contrary notwithstanding.

ARTICLE 5

ORGANIZATION AND MANAGEMENT

Section 10. Management. The management of the Corporation shall be headed by an Administrator, who shall be assisted by two (2) Deputy Administrators. The GCR Subway Corporation Administrator and Deputy Administrators shall be citizens of the Philippines, at least thirty-five (35) years old on the date of their appointments, of good moral character or recognized executive ability and competence, with adequate training in either transport planning, management and economics, finance, law, public utility or other transport related aspects. They shall be appointed by the President.

Section 11. Powers and Duties of the Administrator. The Administrator shall have the following powers and duties:

- (1) To implement, enforce, and apply the policies, programs, plans, standards, guidelines, procedures, decisions, rules, and regulations issued, prescribed, or adopted by the Board.
- (2) To undertake studies, investigations, and other activities related to the operations, on his own initiative or upon instructions of the Board, and to submit comprehensive reports and appropriate recommendations to the Board for its information and action.
- (3) To undertake studies for present and future requirements of development of the Metro Manila Subway project expansion, in consultation with appropriate agencies.
- (4) To manage the affairs of the Authority, subject to the provisions of this Act, applicable laws, orders, rules, and regulations.
- (5) With the approval of the Board, to determine the staffing pattern and the number of personnel of the Corporation and to define their functions and duties.
- (6) To regularly inspect the Metro Manila Subway facilities and operations and recommend measures to maintain a high standard of safe, fast, and reliable service.

- (7) To establish and maintain, in coordination with the appropriate government offices and agencies a regular and prompt information system regarding traffic flows, Metro Manila Subway operations, finance and other related data.
- (8) With the approval of the Board, to delegate such functions and duties to the Deputy Administrators or other ranking officials of the Authority for the efficient administration and management thereof.
- (9) To perform such other duties as the Board may assign and such acts as may be necessary and proper to implement this Act.

Section 12. Supplies and Services Other Than Personnel. All purchase of supplies or contracts for services, except for personal services, entered by the Corporation, shall be subject to the rules and regulations as provided by the Republic Act No. 9184 or the Government Procurement Reform Act.

Section 13. Departments of the Authority. The Corporation shall establish and maintain such departments as it may deem necessary for the proper and efficient transaction and/or operation of its business. The powers and duties of the departments shall be determined by the Board: Provided, That the office of the Chief Legal Counsel of the Corporation, which shall be separate and distinct from and independent of the Office of the Government Corporate Counsel, shall advise and represent the Corporation in all legal matters, procedures, and actions.

Section 14. The Auditor. The Commission on Audit (COA) shall appoint a representative who shall be the auditor of the Corporation. COA shall likewise appoint the necessary personnel to assist said representative in the performance of his or her duties.

Section 15. Authority to Administer Oath. The Chairman of the Board, the Administrator, the Deputy Administrators, and the Chief Legal Counsel of the Corporation shall have the power to administer oaths in connection with the transaction of official business of the Authority.

ARTICLE 6

CAPITALIZATION AND FINANCING

Section 16. Capitalization. The Corporation shall have an initial authorized capital of THREE HUNDRED BILLION PESOS (PhP 300,000,000,000.00) which shall be fully subscribed by the Republic of the Philippines and other government institutions, corporations, instrumentalities, and agencies, whether national or local, within the framework of their respective charters. The authorized capital shall be used for the purpose of financing the Corporation's business transactions and shall be paid as follows:

- (1) The sum of ONE HUNDRED FIFTY BILLION PESOS (PhP 150,000,000,000.00) shall be taken from the general fund in the National Treasury out of appropriations available for the purpose.

- (2) The balance of the authorized capital amounting to ONE HUNDRED FIFTY BILLION PESOS (PhP 150,000,000,000.00) shall be released from the National Treasury out of appropriations available for the purpose or subscribed and paid by government institutions as may be authorized pursuant to this Section, with the approval of the President.

Section 17. Initial Debt. The Corporation shall be indebted to the Government, or any of its departments, bureaus, agencies, or offices, in a sum equal to all expenditures, directly or indirectly advanced or incurred by the Government or any of its departments, bureaus, agencies or offices, in relation to the investigation, planning and/or construction of the Metro Manila Subway system. The Secretary of Finance shall, upon prior notice, determine the accuracy and reasonableness of such advances or indebtedness.

ARTICLE 7 PENALTIES

Section 18. Penalties. Any person who willfully or maliciously gives false or misleading data or information, or conceals or falsifies a material fact, in any investigation, inquiry or hearing, or other proceeding held by the Board or the Corporation or any one duly acting in their behalf, shall be dealt with according to the pertinent provisions of existing penal laws.

ARTICLE 8 FINAL PROVISIONS

Section 19. Repealing and Separability Clauses. All laws, decrees, orders, rules and regulations, policies, programs, or parts thereof, that are inconsistent with any of the provisions of this Act, are hereby repealed, amended, or modified accordingly.

If for any reason, any section or provisions of this Act is declared to be unconstitutional or invalid, the other sections or provisions hereof, which are not affected hereby, shall continue in full force and effect.

Section 20. Effectivity. This Act shall take effect thirty (30) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved.