

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19TH CONGRESS
Third Regular Session

HOUSE BILL NO. **10652**



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

The **1987 Constitution** mandates the state to promote a **National Railways System** through appropriate technology and research, with adequate finance, facilities and other support services.

The **Metro Rail Transit System** (MRT Line 3, MRT-3 or Metrostar Express) and the **Light railway Transit System** (LRT) is a rapid transit system of the National Capital Region, Philippines. Although it has the characteristics of light railway, such as with the type of rolling stock used, it is more parallel to a rapid transit system owing to its total grade separation and high passenger throughput.

This was envisioned in the 1970s as part of the Metropolitan Manila Strategic Mass Rail Transit Development Plan, the thirteen-station, 16.9-kilometer (10.5 mi) line was the second rapid transit line to be built in Metro Manila when it started full operations in 2000 under a 25-year concession agreement between its private owners and the government's Department of Transportation.

The railways is owned by the **Metro Rail Transit Corporation (MRTC)**, a private company operating in partnership with the **DOTr** under a Build-Lease-Transfer agreement. Serving close to **600,000 passengers** on a daily basis when MRTC's maintenance provider, **Sumitomo Corp. of Japan**, was handling the maintenance of the system, **MRT-3** is the busiest among Metro Manila's three rapid transit lines, built with essential standards such as barrier-free access and the use of magnetic card tickets to better facilitate passenger access. The total ridership significantly exceeds its built maximum capacity of 350,000

passengers a day, with various solutions being proposed or implemented to alleviate chronic congestion in addition to the procurement of new rolling stock.

MRT-3 is integrated with the public transit system in Metro Manila, and passengers also take various forms of road-based public transport, such as buses, to and from a station to reach their intended destination. Although the line is aimed at reducing traffic congestion and travel time, the transportation system has only been partially successful to expand the capacity of the system to take up to **1.1 million passengers** a day. Expanding the network's capacity to accommodate the rising number of passengers is currently set on tackling this problem.

The **state-owned Philippine National Railways**, commonly abbreviated as **PNR**, is the sole operator of the most extensive intra-island railway on Luzon.

It operates two commuter rail services in Metro Manila and the Bicol Region. The Bicol service is currently under rehabilitation in preparation for the resumption of the Bicol Express run to Naga City in Camarines Sur province, and eventually to the southern terminal in Legazpi City in Albay. The existing and well-patronized commuter service in Metro Manila is part of the metropolitan transit system and is referred to as the Orange Line.

This House Bill seeks to **institutionalize and modernize our railway systems**, to provide the proper fare rates, collection and ticketing schemes. **revitalize commuter services.**

Thus, the early passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to read 'Michael L. Romero', with a long horizontal flourish extending to the right.

MICHAEL L. ROMERO Ph.D.

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AN ACT

PROVIDING FOR THE MODERNIZATION OF THE
“**PHILIPPINE NATIONAL RAILWAYS**” TO PROMOTE THE
EXTENSIVE USE OF RAILWAYS THROUGH A RATIONAL
PAYMENT SYSTEM, TO FOSTER AND IMPOSE THE
APPROPRIATE FARE RATES, TO REVITALIZE COMMUTER
SERVICES AND FOR OTHER PURPOSES

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

SECTION 1. TITLE – This Act shall be known as the "**Philippine National Railways (PNR) Modernization Act of 2024.**"

SECTION 2. DECLARATION OF POLICY - it is hereby declared a policy of the state to protect and ensure the security and welfare of all commuters.

The state shall *institutionalize and modernize* our **railway systems**, to provide the proper fare rates, collection and ticketing schemes. *revitalize* commuter services.

There is hereby created the **National Railways System** that will oversee, regulate and create an effective control mechanism for all its commuters.

SECTION 3. POWERS AND FUNCTIONS OF THE NATIONAL RAILWAYS

- a. To create and issue rules, regulations;
- b. To oversee that the proper fare rates are being implemented and circulated;
- c. To prescribe fare rates that shall be collected from the riding commuters;
- d. To foster successive and progressive mechanisms and schemes;
- e. To facilitate effective planning towards development; and
- f. To promote the imposition of all existing policies, guidelines, penalties and sanctions.

SECTION 4. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the **IRR** or such other period as may be determined, to comply with the requirements of this Act.

SECTION 5. REHABILITATION AND REVIVAL - PNR used to operate over 797 km (495 miles) of route from La Union down to Bicol. However, continued neglect and damage from natural calamities in past decades reduced PNR's efficiency and railroad coverage. Persistent problems with **informal settlers** in the 1990s contributed further to PNR's decline. In 2006, it caused severe damage to the network, resulting in the suspension of the Manila-Bicol services.

In 2007 the Philippine government initiated a rehabilitation project aiming to remove informal settlers from the **PNR right-of-way**, revitalize commuter services in Metro Manila, and restore the Manila-Bicol route as well as lost services in Northern Luzon. Government actively pursued the rehabilitation and revival of Philippine rail transport through various investments, despite the numerous problems involved.

By 2011, work was ongoing for the total reconstruction of rail bridges and tracks, including replacement of the current 35-kilogram track with newer 50-kilogram tracks and the refurbishing of stations.

The first phase, involving the conversion of all the tracks in the Manila metropolitan area, was completed in 2009. On July 14, 2009, **PNR** launched its diesel multiple units (**DMU**) newly acquired from South Korea. In mid-2011, a test run of the Bicol Express between Manila and Naga City was conducted although it encountered a problem with the tracks in some areas. Full repairs have been undertaken since then.

SECTION 6. MAINTENANCE & HAULING CAPACITY - Four types of rolling stock run on PNR's lines. These are the locomotives, the Commuter Express or Commex cars, baggage cars, diesel rail cars or DRC, and the newly acquired Manila commuter trains, the Korean diesel multiple units or DMUs. There are 14 locomotives, 18 Commex cars, two baggage cars and eight DRC currently operating.

PNR recently acquired (November 2010) surplus sleeper coaches and passenger cars from Japan Railways East, while more rolling stock are expected to arrive. As of July 2011, these units have been installed with safety window screens and the exteriors repainted.

PNR's hauling capacity has also been increased with repair, reconditioning, and repainting of seven (**7**) units of Diesel Electric

Locomotives **(DEL)**. At the same time, passenger convenience once the Bicol run is resumed will be augmented with on-board dining as the repair and conversion of the line's dining car has been completed.

SECTION 7. PASSENGER SERVICES: COMMUTER EXPRESS - The Commuter Express (also Metro Commuter), commonly called the Commex, serves as the commuter rail service for the Manila metropolitan area, extending as far south as Binan, in Laguna. The PNR uses GE locomotives hauling Commex passenger cars, as well as newly procured Hyundai Rotem DMUs, for this service. Commex service using the new DMUs is currently offered between Tutuban and Alabang in Muntinlupa City, while a daily Commex run between Manila and Biñan City, Laguna runs using GE locomotives. Currently, Commex trains make 38 daily trips, 19 in each direction.

SECTION 8. STATION LAYOUT - All **PNR stations** are at-grade, using a side platform layout. Most have only basic amenities: platforms and ticket booths, while rehabilitated stations along the Metro Manila line have been fitted with wheelchair ramps. Several stations have extended platforms, having an upper platform catering to DMU services, and a lower platform for regular locomotive-hauled services.

SECTION 9. MONOPOLY ON LAND TRAVEL - The factors surrounding these figures included **PNR's virtual monopoly** of long-distance land travel and commuting, when it had much less competition in either the Metro Commuter or the two Mainline train operations. Highways were less developed, there were not LRTs, no diversions roads.

The PNR then had 47 open stations from Manila to Legazpi and 26 to San Fernando, La Union. In Metro Manila, all commuter stations were manned by PNR Station Personnel, while the company itself employed more than 7,000 personnel in Plantilla positions compared to 264 today.

SECTION 10. SUPERVISING AND ASSESSMENT CONCERNS. — the **Department of Transportation (DOTr)**, shall provide the necessary technical and financial assistance to ensure effective operations and build-up.

SECTION 11. IMPLEMENTING AGENCY. — the **Department of Transportation (DOTr)** and other subject matter experts.

SECTION 12. APPROPRIATION. — The amount necessary for the initial implementation to fund this act shall be charged under the **Department of Transportation (DOTr)**.

The amount of five **(5) billion pesos (Php 5, 000,000,000.00)** necessary for the initial implementation to fund this act shall be charged under the **Department of Transportation (DOTr)**.

Thereafter such amounts necessary for the successive and continuous implementation of this Act, including the operations maintenance of reserves shall be automatically appropriated in the **General Appropriations Act (GAA)**.

Thereafter, such amounts necessary for the implementation of this act shall be included in the annual **General Appropriations Act (GAA)**. The agencies concerned shall provide for the continued maintenance, operation, and management of all the facilities and equipment.

SECTION 13. CONTINUING APPROPRIATION. - The Department of Budget and Management **(DBM)** is hereby mandated to include annually in the next five **(5)** years, in the President's Program of expenditures for submission to Congress, and release, an amount not less than two **(2)** billion pesos **(Php 2, 000, 000, 000.00)** for the implementation of this Act.

SECTION 14. MODERNIZATION FUNDING. – The amount of Five **(5)** Billion Pesos **(Php 5, 000,000,000.00)** for the operation and administration of

the **(PNR)** shall be chargeable against funds for the purpose and other sources recommended by the **Department of Budget and Management (DBM)**.

The amount necessary for the initial implementation to fund this act shall be charged under the Department of Transportation **(DOTr)**.

Thereafter, appropriations for the **(PNR)**, shall be included in the budget proposals under the annual **General Appropriations Act (GAA)**

The Department of Budget and Management **(DBM)** shall rationalize the existing organizational structure and staffing pattern of the **(PNR)** in accordance with the prevailing provisions and relevant compensation and position classification laws, rules and regulations.

Thereafter, the amount needed for the continued implementation of the modernization program shall be included in the annual **General Appropriations Act (GAA)**.

SECTION 15. Philippine National Railways modernization fund –
There is hereby created the **(PNR) Modernization Fund** to be used exclusively for the **(PNR) Modernization Program**.

The **(PNR)** Modernization Fund shall be administered by the **Secretary** of **DOTr** in accordance with existing government budgeting, accounting, and auditing rules and regulations.

SECTION 16. PERIODIC REPORTS - The Secretary of the **(DOTr)** shall submit periodic reports on its findings and make recommendations on actions to be taken by Congress and Senate and the appropriate department, and in order to carry out the objectives and mandates of this Act.

SECTION 17. AUTOMATIC REVIEW - Every three **(3)** years after the effectivity of this Act, an independent review panel composed of experts to

be appointed by the **President** of the Republic shall review the policies and programs in the agriculture sector and shall make recommendations, based on its findings, to the President and to both Houses of Congress.

SECTION 18. IMPLEMENTING RULES AND REGULATIONS – The departments and agencies charged, to be led by the Department of Transportation (**DOTr**) with carrying out the provisions of this Act, shall within ninety (**90**) days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

Hence, it is authorized to increase its manpower to meet such required and may continue to increase personnel per percentage rate increase of committed mandates annually or as the need arises.

SECTION 19. PERIOD OF IMPLEMENTATION – The modernization program under this Act shall be implemented for an initial period of three (**3**) years:

Provided, that payments for multi-year contract obligations incurred under this Act may extend beyond this period:

Provided, further, That the (**PNR**) shall continue to develop, modernize and constantly update its operational capabilities to keep pace with best global practices.

SECTION 20. INCREASE OF PERSONNEL. – The (**PNR**) shall maintain a sufficient staffing pattern.

Hence, it is authorized to increase its manpower to meet such required and may continue to increase personnel per percentage rate increase of committed mandates annually or as the need arises.

SECTION 21. REPEALING CLAUSE – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 22. SEPARABILITY CLAUSE – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 23. EFFECTIVITY CLAUSE – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved,