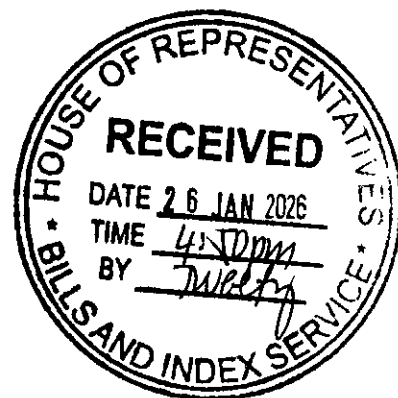


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7342



Introduced by **REPRESENTATIVE AUDREY KAY T. ZUBIRI**

AN ACT
CREATING THE MINDANAO RAILWAYS AUTHORITY (MRA), PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4156 ENTITLED "AN ACT CREATING THE PHILIPPINE NATIONAL RAILWAYS, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FOR THE NECESSARY FUNDS FOR ITS OPERATION" AS AMENDED BY R.A. NO. 6366, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Transportation has long been a fundamental necessity in the Philippines due to its archipelagic geography. As a country largely surrounded by bodies of water and characterized by vast land areas, it has not become conducive to walking or bicycle-based mobility, making efficient transportation systems essential for daily life and economic activity.

Despite this need, the Philippines continues to lag behind in infrastructure development. According to the World Economic Forum's Global Competitiveness Report 2019, the country ranked 96th out of 141 economies in terms of infrastructure competitiveness, underscoring persistent gaps in transport facilities¹.

Mindanao, despite being one of the country's richest and most resource-abundant islands, is among the regions in need of stronger infrastructure support. It continues to face significant challenges in the transportation sector, particularly the absence of a functional railway system which has hindered regional connectivity, restricted trade, and limited access

¹ <https://www.adb.org/sites/default/files/linked-documents/45296-006-ssa.pdf>

to essential services, all of which substantially affect Mindanao's economic development and growth potential².

In response, this measure seeks to establish a railway system in Mindanao that will link major population and economic centers across the island. By improving mobility and connectivity, the proposed railway aims to enhance the investment climate, stimulate economic activity, and promote inclusive regional development.

This initiative is further reinforced by Article II, Section 21 of the 1987 Constitution, which mandates the State to promote comprehensive rural development. Through the establishment of efficient transportation systems, the region can facilitate faster movement of goods and services, thereby increasing productivity and economic returns.

Hence, the immediate passage of this measure is earnestly sought.



AUDREY KAY T. ZUBIRI
Representative, 3rd District of Bukidnon

²<https://ptni.gov.ph/improving-growth-corridors-in-mindanao-a-pathway-to-inclusive-and-sustainable-development/>

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **7342**

Introduced by **REPRESENTATIVE AUDREY KAY T. ZUBIRI**

AN ACT
CREATING THE MINDANAO RAILWAYS AUTHORITY (MRA), PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4156 ENTITLED "AN ACT CREATING THE PHILIPPINE NATIONAL RAILWAYS, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FOR THE NECESSARY FUNDS FOR ITS OPERATION" AS AMENDED BY R. A. NO. 6366, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

CHAPTER I

TITLE, POLICY AND OBJECTIVES

SECTION 1. *Short Title.* – This Act shall be known as the "Mindanao Railways Development Act of 2026".

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to attain inclusive growth and reduce poverty through infrastructure development aiming to improve the sectoral performance of tourism, agriculture and industries; improve goods and services; improve the quality of the environment; and increase resilience to climate change and natural disasters, through the establishment of a sustainable transport system that is safe, efficient, and competitive. Further, in order to promote comprehensive rural development and assure the human right to travel in Mindanao, the State shall (1) create a national government agency to achieve its development goals; and (2) provide appropriations for the construction, operation

1 and maintenance of the railways system and the operative budget of the national government
2 agency to be created under this Act.

3
4 **SEC. 3. *Creation and Objectives.*** - There shall be created the Mindanao Railways
5 Authority, hereinafter called the Authority, which is a national government agency attached to
6 the Department of Transportation, with the following immediate objectives:

7
8 a) To provide for the railways system in Mindanao connecting as vast an area as deemed
9 feasible in consideration of the Mindanao Railways Project (MRP) as mandated under
10 the Philippine National Railways Charter or Republic Act No. 4156, and, the MRP
11 Feasibility Study as an undertaking of the National Economic and Development
12 Authority (NEDA) as Executing Agency and the Department of Transportation (DOTr)
13 as Implementing Agency and funded under the General Appropriations Act;

14
15 b) To initiate the provisions of An Act Facilitating the Acquisition of Right-Of-Way
16 Site Or Location For National Government Infrastructure Projects or R. A. No. 10752
17 upon effectivity of this Act; and

18
19 c) To call upon all concerned National Government Agencies and Local Government
20 Units to render technical and administrative support for the implementation of the
21 provisions of this Act.

22
23 **CHAPTER II**
24 **NATURE, SPECIFIC AND GENERAL POWERS**

25
26 **SEC. 4. *Name and Domicile.*** —To carry out the foregoing transportation policy, the
27 Mindanao Railways Authority shall be primarily responsible for the construction, operation
28 and maintenance of a railways transportation system in Mindanao. It shall have its main office
29 in the City of Davao, and shall have such branches and agencies within or outside the
30 Philippines as may be necessary for the proper conduct of its business.

31
32 **SEC. 5. *Purposes and Specific Powers.*** The Mindanao Railways Authority shall have
33 the following purposes and specific powers:

- a) To hold the assets of the Philippine National Railways, and to succeed to acquire, maintain and operate such grants, concessions and franchises as are now held and enjoyed by the PNR but limited only to those located in Mindanao among the aforementioned;
- b) To own or operate railroads, tramways, and other kinds of land transportation, vessels and pipelines, for the purpose of transporting, for consideration, passengers, goods, mail and property between any points in Mindanao; and
- c) As an auxiliary to its main purpose, to own and/or operate powerhouses, hotels, restaurants, terminals and warehouses; to manufacture rolling stock, equipment, tools and other appliances; and, to construct and operate toll viaducts and toll tunnels, in connection with its railroad lines.

SEC. 6. General Powers. – The Authority shall have the following general powers:

- a) To have continuous succession under its corporate name, until otherwise provided by law;
- b) prescribe, amend, and/or repeal its by-laws;
- c) To adopt and use a seal and alter it at its pleasure;
- d) To sue and be sued;
- e) To contract any obligation or enter into, assign or accept the assignment of, and vary or rescind any agreement, contract or obligation necessary or incidental to the proper management of the Authority;
- f) 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 laws;
- g) 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;
- h) To improve, develop or alter any property held by it;
- i) To carry on any business, either alone or in partnership with any other person or persons;
- j) To employ an agent or contractor or perform such things as the Authority may perform;

- 1 k) To exercise the right of eminent domain, whenever the Authority deems it necessary
2 for the attainment of its objectives;
- 3 l) To prescribe rules and regulations in the conduct of its general business as well as to
4 fix and implement the terms and conditions of its related activities;
- 5 m) To determine the fares payable by persons travelling on the rail system, in consultation
6 with the Department of Transportation and the NEDA;
- 7 n) To establish, operate, and maintain branches or field offices when required by the
8 exigencies of its business;
- 9 o) To determine its organizational structure and the number, positions and salaries of its
10 personnel, subject to pertinent organization and compensation law; and
- 11 p) To exercise such powers and perform such duties as may be necessary to carry out the
12 business and purposes for which the Authority was established or which, from time to
13 time, may be declared by the Board of Directors to be necessary, useful, incidental or
14 auxiliary to accomplish such purposes; and generally, to exercise all powers of any
15 Authority under the Corporation Code that are not inconsistent with the provisions of
16 this Act, or with orders pertaining to government corporate budgeting, organization,
17 borrowing, or compensation.

18
19 **CHAPTER III**
20 **THE MRA BOARD OF DIRECTORS**
21

22 **SEC. 7. *The MRA Board of Directors.*** -To carry out the purposes of this Act, the MRA
23 shall be directed and controlled by a Board of Directors. It shall be composed of the following
24 members:

- 25 a) Secretary of Transportation, as Chairperson;
- 26 b) MRA Administrator, as Vice-Chairperson;
- 27 c) Secretary of Finance;
- 28 d) Secretary of Economic Planning, Director General of the NEDA;
- 29 e) Secretary of Public Works and Highways; and
- 30 f) Two representatives from the private sector who shall each be selected from the
31 members of the Philippine Institute of Civil Engineers (PICE) and the Philippine
32 Society of Mechanical Engineers (PSME), to be appointed by the President of the
33 Philippines who shall select from three (3) nominees submitted separately by the PICE
34 and PSME. They shall serve a non-extendible single term of three (3) years. The

1 government representatives in the Board may designate their respective permanent
2 alternates who shall be officials next-in-rank to them and their acts shall be considered
3 the acts of their principals. In the absence of the Chairman, the Board shall elect a
4 temporary presiding officer.

5
6 **SEC. 8. *Per Diem.*** - The members of the Board shall not receive any compensation but
7 shall be provided with per diem rates allowed under existing rules and regulations.

8
9 **SEC. 9. *Powers and Duties of the Board of Directors.*** —The Board of Directors shall
10 have the following powers and duties:

- 11 a) To prescribe, amend and repeal, with the recommendation of the Administrator, the by-
12 laws, rules and regulations governing the manner in which the general business of the
13 Authority may be exercised, including provisions for the formation of such committee,
14 or committees as the Board of Directors may deem necessary to facilitate its business;
15 b) To appoint and fix the compensation of the Administrator and of the other officers of
16 the Authority, with the approval of the President. The Board by a majority vote of all
17 the members, may, for cause, and with the approval of the President of the Philippines,
18 suspend and or remove the Administrator; and
19 c) To approve the annual and such supplemental budgets of the Authority which may be
20 submitted to it by the Administrator from time to time.

21
22 **SEC. 10. *Suspension and Removal of Directors.*** — Any member of the Board of
23 Directors may be suspended or removed by the President of the Philippines.

24
25 **SEC. 11. *Prohibition for Board Members.*** - No chairman or member of the Board of
26 Directors shall at the same time serve in the Authority in any capacity whatsoever other than
27 as Chairman or member thereof, unless otherwise authorized by the President of the Philippines
28 or any existing law.

29
30 **CHAPTER IV**
31 **THE ADMINISTRATOR**
32

33 **SEC. 12. *The Administrator.*** - The management of the Authority shall be vested in the
34 Administrator.

SEC. 13. *Powers and Duties of the Administrator.* -The Administrator shall have the following powers and duties:

- a) To direct and manage the affairs and business of the Authority 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 participate in its deliberation, with the right to vote, and to preside in meetings for or in the absence of the Chairman;
- c) To submit within sixty 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 and the Congress of the Philippines;
- d) To appoint and fix the number and salaries, with the approval of the Board of Directors, of such subordinate personnel as may be necessary for the proper discharge of the duties and functions of the Authority, and with the approval of the Board of Directors, to remove, suspend, or otherwise discipline, for cause, any subordinate employee of the Authority; and
- e) To perform such other duties as may be assigned to him by the Board of Directors from time to time.

SEC. 14. *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.

CHAPTER V

MANDATED APPROPRIATIONS

SEC. 15. Appropriations. - To carry out the purposes of this Act, the amount of One billion pesos (P1,000,000,000) is hereby authorized to be appropriated for the initial operation of the Mindanao Railways Authority. Thereafter, the annual expenditures including capital outlays of the Authority shall be provided in the General Appropriations Act.

CHAPTER VI

TAXES, DUTIES AND CHARGES

1 **SEC. 15. *Exemption from Taxes of Duties, Customs Bonds and Port Charges.***—The
2 Authority is hereby exempt from payment of all national and local taxes upon its capital,
3 franchises, rights of way, earnings, and all other property owned or operated by it and of all
4 duties on all railways materials, supplies and equipment imported into the Philippines for and
5 by the Authority. This exemption shall extend to port charges upon vessels whose entire cargo
6 consists of materials for the construction or equipment of the Authority, and, on other vessels
7 to such proportion of the prescribed port charges as the tonnage of materials for such
8 constructions or equipment may bear to the tonnage of the entire cargo of the vessel; and such
9 exemption shall further extend to the filing of general importer's and general documentary
10 bonds and warehouse bonds for the operation of its warehouses, whether general bonded
11 warehouses or general order store.

12
13 **SEC. 17. *Tax-exempt Loans.*** – The project and program loans to be obtained by the
14 National Government for the purposes of this Act shall be exempt from the payment of all
15 national and local taxes.

16
17 **CHAPTER VII**
18 **AUDIT AND REPORTS**

19
20 **SEC. 18. *Audit Personnel and Reports.*** – The Authority shall be subject to the
21 Commission on Audit (COA) which shall have the power, authority, and duty to examine,
22 audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses
23 of funds and property of the Authority.

24
25 a) *Personnel.* - The Chairman of the COA shall appoint a representative who shall be the
26 Auditor of the Authority, and the necessary personnel to assist said representative in
27 the performance of such duties. The number and salaries of the Auditor and said
28 personnel shall be determined by the COA Chairman, subject to appropriation by the
29 Board of Directors. In case of disagreement, the matter shall be submitted to the
30 President of the Philippines whose decision shall be final. Said salaries and all other
31 expenses of maintaining the Auditor's office shall be paid by the Authority.

32
33 b) *Report.* - The financial transactions of the Authority shall be audited in accordance with
34 law, administrative regulations, and the principles and procedures applicable to

1 commercial corporate transactions. A report of audit for each fiscal year, by the
2 representative of the COA Chairman, through the latter, to the Board of Directors of
3 the Authority, and copies thereof shall be furnished the President of the Philippines, the
4 Secretary of Economic Planning, the Senate President and the Speaker of the House of
5 Representatives. The report shall set forth the scope of the audit and shall include a
6 statement of assets and liabilities, capital and surplus or deficit; a statement and surplus
7 or deficit analysis; statement of income and expenses; a statement of sources and
8 application of funds; and such comments and information as may be necessary, together
9 with such recommendations with respect thereto as may be advisable, including a report
10 of any impairment of capital noted in the audit. The report shall also show specifically
11 any program, expenditures, or other financial transaction or undertaking observed in
12 the course of audit, which in the opinion of the Auditor, has been carried out or made
13 without authority of law.

14
15 **SEC. 19. *Legal Department.*** — The Authority shall have its own legal department, the
16 chief and members of which shall be appointed by the Administrator with the approval of the
17 Board of Directors.

18
19 **SEC. 20. *Exemption from the LTFRB Law.*** - The Authority shall not be subject to the
20 authority, supervision and control of the Land Transportation Franchising and Regulatory
21 Board (LTFRB), created under Executive Order No. 202, Series of 1987.

22
23 **SEC. 21. *Strikes During National Emergency.*** - The provisions of law to the contrary
24 notwithstanding, in cases of national emergency, or when in the opinion of the President of the
25 Philippines, the national security or interest is in imminent danger, employees and laborers of
26 the Authority shall not strike for the purpose of securing changes or modification in their terms
27 and conditions of employment during said period of emergency: *Provided, however,* That
28 during the implementation of this Act, management and labor should always strive to maintain
29 industrial peace by availing of and exhausting all methods of resolving all labor disputes to
30 ensure the continuous, effective and successful establishment of the Mindanao Railways:
31 *Provided, further,* That the Authority may enter into collective negotiation agreements, one for
32 personnel of supervisory rank and the other for personnel of non-supervisory rank regardless
33 of the number of recognized unions which may be or might have been organized therein.

1 **SEC. 22. *Applicability of the Revised Corporation Code.*** - The provisions of the R.A.
2 No. 11232 or the Revised Corporation Code which are not inconsistent with the provisions of
3 this Act, shall be applicable to the Authority.

4
5 **SEC. 23. *Implementing Rules and Regulations.*** -The Department of Transportation,
6 in consultation with concerned government agencies and stakeholders, shall promulgate the
7 implementing rules and regulations of this Act, within sixty (60) days from the effectivity of
8 this Act.

9
10 **SEC. 24. *Congressional Oversight Committee.*** - There is hereby created a
11 Congressional Oversight Committee on Railways to be composed of five (5) members from
12 the Senate, which shall include the chairperson of the Senate Committee on Public Services,
13 and, five (5) members from the House of Representatives, which shall include the Chairperson
14 of the House Committee on Transportation. The Congressional Oversight Committee on
15 Railways shall be jointly chaired by the Chairperson of the Senate Committee on Public
16 Services and the Chairperson of the House Committee on Transportation. The Congressional
17 Oversight Committee on Railways shall exercise oversight on the implementation of this Act.

18
19 **SEC. 25. *Separability Clause.*** - If any portion of this Act is declared unconstitutional
20 or invalid, the portions or provisions which are not affected shall continue to be in full force
21 and effect.

22
23 **SEC. 26. *Repealing Clause.*** - All laws, decrees, executive orders and rules and
24 regulations or parts thereof which are inconsistent with this Act are hereby repealed or modified
25 accordingly.

26
27 **SEC. 27. *Effectivity.*** - This Act shall take effect fifteen (15) days after its complete
28 publication in at least two (2) newspapers of general circulation and the Official Gazette.

29
30 *Approved,*