

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

SENATE
OFFICE OF THE SECRETARY

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SENATE
S. No. 462

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

The transportation problem is one of the heaviest burdens which slow down the growth of major Philippine cities and urban centers today. On one hand, congestion is rendering the road network inefficient, as vehicle population rapidly exceed the limit that can be realistically accommodated. On the other hand, the long lines of commuters waiting for a ride, or the congestion problem in bus stops is a clear indication that the existing public transport system is insufficient to serve the needs of the commuting public.

No abatement in the near to medium term can be expected in the traffic congestion and transportation problems of Metro Manila and urban centers, as population density uninterruptedly continues to be fed by incremental births and immigration from the rural areas, outpacing the expansion of transport facilities.

This bill proposes the creation of a Mass Transport Authority which will be vested with the mandate to plan, coordinate, control, supervise and regulate all the different mass transit modes in the Metro Manila and other urban areas. The Authority will bridge the existing gap of defining the priorities over competing mass transit projects from the general public welfare perspective, and of seeking out creative ways of addressing the current problems.

In view of the foregoing, the immediate approval of this bill is earnestly requested.

S. Osmeña III
SERGIO OSMEÑA III
Senator

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AN ACT
CREATING THE MASS TRANSIT AUTHORITY AND APPROPRIATING
FUNDS THEREFORE

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

1 SECTION 1. *Short Title.* – This Act shall be known as the “**Mass Transit**
2 **Authority Act**”.

3 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the
4 State to provide and maintain an adequate, efficient, inexpensive, convenient
5 and reliable mass transport system encompassing all modes of transportation
6 and with a standard of service consistent with the total range of urban needs,
7 amenities and resources; to encourage development of patronage of common
8 carrier modes which require less energy and less road space while transporting
9 and moving the maximum volume of adequate and efficient transit service; to
10 foster sound economic conditions within the transportation industry and among
11 the several modes of transport, in order that a healthy, dynamic, and strong
12 private sector shall interact effectively by performing functions and pursuing
13 priorities for which each is best suited and, at the same time, reinforcing and
14 complementing each other.

15 SEC. 3. *Definition of Terms.* – As used in this Act, the following terms
16 shall have the meaning stated below:

1 a) Mass transit – transit system with fixed routes and centrally
2 synchronized schedules, available for use by all persons who pay the established
3 fare. It shall include buses, rail transits and other rapid land transits.

4 b) Authority – the Mass Transit Authority.

5 c) Mass Transit Operator – Any person or entity authorized by the
6 Mass Transit Authority and the Land Transportation Franchise and Regulatory
7 Board to provide mass transportation services to the public.

8 d) Certificate of Public Convenience – An authorization issued by the
9 Mass Transit and Regulatory Board, as the case may be, for the operation of
10 mass transportation services for which no franchise, either municipal or
11 legislative, is required by law.

12 e) Design, Build, Operate and Transfer – A contractual arrangement
13 whereby the contractor designs and undertakes the construction, including
14 financing, of a given mass transportation facility, and the operation and
15 maintenance thereof until its total investment expended to the project, plus a
16 reasonable rate of return on investment thereon is fully recovered, after which the
17 contractor shall transfer the facility to the Authority.

18 SEC. 4. *Creation of the Mass Transit Authority.* – There is hereby
19 created a corporate body, to be known as the Mass Transit Authority, hereinafter
20 referred to as the Authority.

21 SEC. 5. *Functions of the Authority.* – The Authority shall have the
22 following functions:

23 a) formulate and adopt a comprehensive development plan for the
24 coordination of transportation services and facilities;

25 b) implement or cause the implementation of the transportation plan,
26 policies and programs according to a schedule of priorities consistent with the
27 needs and available resources;

28 c) control and development, construction, operations and
29 maintenance of public transportation facilities, including parking stations,

1 terminals, road networks and conveyances such as buses, jeepneys, taxis and
2 motor vehicles for freight, goods and cargoes;

3 d) regulate the schedule, frequency, routing and pricing of public
4 transportation services.

5 SEC. 6. *Powers of the Authority.* - The Authority shall have the following
6 powers:

7 a) to have continuous succession under its corporate name;

8 b) to sue and be sued;

9 c) to adopt, alter and use a corporate seal;

10 d) to adopt, amend and/or repeal its bylaws;

11 e) to acquire, lease or hold such real or personal property as it deems
12 necessary or convenient in the transaction of its business and to lease,
13 mortgage, sell, alienate or otherwise dispose of any such real or personal
14 property held by it;

15 f) to enter into any obligation, assign or accept the assignment and
16 rescind any agreement or contract necessary or incidental to the proper
17 functioning of the Authority;

18 g) to exercise the power of eminent domain in the name of the
19 Republic of the Philippines and in the acquisition of real estate by excess
20 condemnation or escheat proceedings, including appurtenant properties. The title
21 thereto shall be registered in the name of the Government and thereupon all
22 such properties shall be entrusted to the Authority as agent of the Government;

23 h) to purchase, hold, alienate, mortgage, pledge or otherwise dispose
24 of the shares of the capital stock of, or any bond, security or other evidence of
25 indebtedness created by any other corporation or entity, local or foreign, and
26 while the owner of said stocks, to exercise all the rights of ownership, including
27 the right to vote thereon;

28 i) to fix rates of transportation fares for such mass transport
29 system/common carriers covered by this Act;

1 j) to set priorities which shall be followed in the development of traffic
2 and transportation facilities in accordance with the Authority's plans, policies and
3 programs;

4 k) to prescribe, fix and regulate the route of mass transport
5 operators/common carriers;

6 l) to design, construct, maintain and operate, by itself or by delegation
7 to, or through contractual arrangement, parking facilities above or below ground,
8 including means of access, including the power to collect and retain fees from the
9 operation or regulation of these facilities;

10 m) to cooperate, coordinate and exchange such information, studies
11 and reports with, and to seek the cooperation of other government agencies
12 including government-owned or controlled corporation;

13 n) to create such offices and divisions which are necessary for
14 carrying out the functions and duties of the Authority and to prescribe the staffing
15 patterns for such offices and divisions, subject to existing laws; and

16 o) to promulgate such rules and regulations as may be necessary to
17 carry out the objectives of this Act.

18 SEC. 7. *Board of Directors.* – All powers of the Authority shall be vested
19 in and exercised by the Board of Directors, hereinafter referred to as the Board,
20 which shall be composed of five (5) members, to be appointed by the President
21 of the Philippines. The members of the Board shall serve for a term of three (3)
22 years or until their successors shall have been appointed and qualified.
23 Appointment to any vacancy shall only be for the unexpired term of the
24 predecessor.

25 No person shall be appointed as member of the Board unless he is a
26 natural-born citizen of the Philippines, at least thirty-five (35) years of age and of
27 established integrity.

28 The Chairman shall be designated by the President from among the
29 members of the Board.

1 SEC. 8. *Management.* – The management of the Authority shall be
2 headed by an Administrator, who shall be assisted by two (2) Deputy
3 Administrators.

4 The Administrator and his deputies must be natural-born citizens, at least
5 thirty-five (35) years of age on the day of their appointment, of good moral
6 character and with recognized executive ability and competence in the field of
7 transportation, business administration, management, finance, or law. They shall
8 be appointed by the President and shall serve as such for a term of three (3)
9 years.

10 SEC. 9. *Powers and Duties of the Administrator.* – The Administrator
11 shall have the following powers and duties:

12 a) to implement, enforce and apply the policies, programs, plans,
13 guidelines, decisions, rules and regulations issued and adopted by the Board;

14 b) to direct and supervise the operations and administration of the
15 Authority;

16 c) to determine, with the approval of the Board, the staffing pattern
17 and the number of personnel of the Authority;

18 d) to delegate such functions and duties to the Deputy Administrators
19 for the efficient administration and management thereof;

20 e) to represent the Authority in all transactions with other government
21 offices, agencies and instrumentalities and with all persons and other entities,
22 public or private, domestic or foreign; and

23 f) to perform such other functions as the Board may assign or
24 authorize.

25 SEC. 10. *Tax Exemptions.* – The importation of equipment, machineries,
26 spare parts, accessories and other materials, including supplies and services
27 used directly in the operations of the mass transit, not obtainable locally on
28 favorable terms, shall be exempted from all direct and indirect taxes, customs,

1 duties, fees, imposts, tariff duties, wharfage fees and other charges and
2 restrictions, the provisions of existing laws to the contrary notwithstanding.

3 SEC. 11. *Power to Issue Bonds.* – Whenever the Board of Directors
4 deem it necessary for the Authority to incur indebtedness or to issue bonds to
5 carry out the provisions of this Act, it shall, by resolution, so declare and state the
6 purpose for which the debt is to be utilized, to be passed by a majority vote of the
7 Board and approved by the Secretary of Finance.

8 The bonds issued under this provision shall in no case exceed the amount
9 of Five hundred million pesos (P500,00,000.00): *Provided*, That no single issue
10 shall exceed Fifty million pesos (P50,000,000.00) and that no further issue shall
11 be made if eighty per centum (80%) of the immediately preceding issue is not yet
12 sold. Subject to these limitations, the bond shall be issued in such amounts as
13 may be needed at any one time, taking into account the rate at which said bonds
14 may be absorbed by the buying public and the fund requirements of projects
15 ready for execution, and considering further a proper balance between income-
16 generating and non-income-generating projects so that inflation may be held to
17 the minimum.

18 The Secretary of Finance, in consultation with the Monetary Board of the
19 Central Bank, shall prescribe the form, the rates of interest, the denominations,
20 maturities, negotiability, convertibility call and issuance, placement, sale,
21 servicing, redemption and payment of all bonds issued under this Act.

22 SEC. 12. *Borrowing Authority.* – The Authority is empowered to borrow
23 funds from any local or foreign financial institution independent of the bonds it
24 has issued or may still issue, to finance its projects: *Provided*, That the total loan
25 outstanding pursuant to this provision, including bonds issued, shall not exceed
26 Five hundred million pesos (P500,000,000.00) at any time: and *Provided, further*,
27 That foreign loans shall be negotiated in coordination with the proper authorities.

1 The loans, credits and indebtedness contracted under this Section and the
2 principal interest and other charges thereon shall be exempt from all direct and
3 indirect taxes, fees, imports and other charges and restrictions.

4 SEC. 13. *Capitalization.* – The Authority shall have an authorized capital
5 stock of Five hundred million pesos (P500,00,000.00) which shall be fully
6 subscribed by the Republic of the Philippines and other government institutions,
7 corporations, instrumentalities and agencies whether national or local, within the
8 framework of their respective charters.

9 The authorized capital shall be used for the purpose of financing the
10 authority's business transactions.

11 SEC. 14. *Auditor.* – The Commission on Audit shall appoint a
12 representative who shall be the Auditor of the Authority and such personnel as
13 may be necessary to assist said representative in the performance of his duties.

14 SEC. 15. *Repealing Clause.* - All laws, decrees, orders, rules and
15 regulations or parts thereof inconsistent with the provisions of this Act are hereby
16 repealed, amended or modified accordingly.

17 SEC. 16. *Separability Clause.* – If any provision of this Act is declared
18 invalid, the provisions thereof not affected by such declaration shall remain in
19 force and effect.

20 SEC. 17. *Effectivity Clause.* – This Act shall take effect after fifteen (15)
21 days following its publication in at least two (2) newspapers of general circulation.

Approved,