

THIRTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
*First Regular Session*

SENATE  
OFFICE OF THE SECRETARY

'04 JUN 30 P5:48

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S E N A T E

S. No. 472

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Introduced by Senator S. R. Osmeña III

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#### EXPLANATORY NOTE

It is a known fact that a modern and efficient railroad system is one of the cheapest forms of land transportation available. A railroad system that would cut across the central plain of Luzon onward to the Cagayan valley region will certainly stimulate economic activity.

This bill aims to create the North Luzon Railways Corporation. It shall:

1. Own or operate railways, tramways and other kinds of land transportation vessels and pipelines, to transport passengers, mail and property between any points in Cagayan, Isabela, Nueva Vizcaya and Nueva Ecija; and
2. Own and operate or grant franchises for the operation of land transportation, vessels and pipelines in support of or in supplement of its railways lines.

In view of the above, the early passage of this bill is earnestly requested.

*S. Osmeña III*  
SERGIO OSMEÑA III  
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC )  
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AN ACT  
CREATING THE NORTH LUZON RAILWAYS CORPORATION, PRESCRIBING ITS  
POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FUNDS THEREFOR AND  
FOR OTHER PURPOSES

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

1           SECTION 1. **Name, Duration and Domicile.** – A corporation to serve as  
2 the instrumentality of the Government of the Philippines in providing a North  
3 Luzon railroad system, is hereby created to be known as the North Luzon  
4 Railways Corporation (NLRC), which shall exist for a term of fifty (50) years from  
5 the date or approval of this Act. It shall have its main office in Tuguegarao, and  
6 shall have such branches and agencies in San Jose, Nueva Ecija, Bayombong,  
7 Nueva Viscaya; Santiago, Isabela; and Aparri, Cagayan for the proper conduct  
8 of business.

9           SEC. 2. **Purpose and Specific Powers.** – The NLRC shall have the  
10 following purpose and specific powers:

11           a. To own or operate railroads, tramways, and other kinds of land  
12 transportation, vessels and pipelines, for the purpose of transporting,  
13 for consideration, passengers, mail and property between any points  
14 in Cagayan, Isabela, Nueva Viscaya and Nueva Ecija and to own,  
15 operate or grant franchises for the operation of land transportation,  
16 vessels and pipelines in support or in supplement of its railways lines.

- 1           b. To do all such other things and to transact all such business directly  
2           or indirectly necessary, incidental or conducive to the attainment of  
3           the purpose of the corporation.

4           **SEC. 5. *Board of Directors, Composition and Appointment.*** – The  
5 corporate powers of the NLRC shall be vested in and exercised by a Board of  
6 Directors composed of eight members and a chairman. Two member shall  
7 represent the Department of Finance (DOF) and the National Economic  
8 Development Authority (NEDA). The governors of the province of Cagayan,  
9 Isabela, Nueva Viscaya and Nueva Ecija shall represent the local government  
10 units (LGUs) and the President of the Republic of the Philippines shall appoint  
11 two (2) members representing the private sector. The Secretary of the DOTC  
12 shall act as the chairman. For actual attendance of meetings, each member  
13 shall receive a *per diem* of One thousand pesos (P1,000.00).

14           **SEC. 6. *Meetings of the Board of Directors.*** – The Board shall hold its  
15 meeting at least four (4) times but not more than six (6) times a month.

16           **SEC. 7. *Powers and Duties of the Board of Directors.*** – The Board  
17 shall have the following powers and duties:

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

- 23           b. To appoint and fix compensation of the General Manager and to  
24           appoint and fix the compensation of the other officers of the NLRC.

25           The Board by a majority vote of all members, may, for cause, suspend  
26           and/or remove the General Manager and any other officer of the  
27           NLRC.

- 28           c. To approve the annual and/or supplemental budgets of the NLRC as  
29           submitted by the General Manager.

1           SEC. 8. ***Build-Operate-and-Transfer Scheme.*** – The NLRC, through its  
2 Board of Directors, shall have the authority to enter into contract with any duly  
3 pre-qualified private contractor for the financing, construction, operation and  
4 maintenance of any financially viable infrastructure facilities through the built-  
5 operate-and-transfer or build-and-transfer scheme as provided by law.

6           SEC. 9. ***Suspension and Removal of Directors.*** – Any member of the  
7 Board of Directors may be suspended or removed by the President of the  
8 Republic.

9           SEC. 10. ***Prohibition for the Board Members.*** – The Chairman or any  
10 member of the Board of Directors cannot, at any time, serve the NLRC in any  
11 capacity. Relatives in the third degree of affinity or sanguinity of any member of  
12 the Board of Directors shall be disqualified from being appointed General  
13 Manager and/or officer of the NLRC or in any other capacity serve the NLRC.

14           SEC. 11. ***Managing Head.*** – The management of the NLRC shall be  
15 vested in the General Manager.

16           SEC. 12. ***Powers and Duties of the General Manager.*** – The General  
17 Manager shall have the following powers and duties:

- 18           a. To direct and manage the affairs and business of the NLRC on behalf  
19           of the Board of Directors, and subject to its control and supervision;
- 20           b. To sit in all meetings of the Board of Directors and serve as the  
21           Secretary of the Board;
- 22           c. To submit within sixty (60) days after the close of each fiscal year an  
23           annual report, through the Board of Directors, to both Houses of  
24           Congress and to the Office of the President of the Philippines; and
- 25           d. To perform such other duties as may be assigned to him by the Board  
26           of Directors from time to time.

27           SEC. 13. ***Appointment and Promotion.*** – The provisions of the Civil  
28 Service rules and regulations shall govern the appointment and promotion of the  
29 NLRC's officers and employees.

1           SEC. 14. **Exemption from Taxes, Duties and Port Charges.** – The  
2 NLRC is hereby exempt from payment of all taxes of every name and nature –  
3 municipal, city, provincial or national – upon its capital stock, franchises, right of  
4 ways, earnings, and all other property owned or operated by it and all duties on  
5 all railway materials, supplies and equipment imported in the Philippines. This  
6 exemption shall extend to port charges upon vessels whose entire cargo  
7 consists of materials for the construction or equipment of the NLRC and to such  
8 proportion of the prescribed port charges on other vessels as the tonnage of  
9 materials for such constructions or equipment may bear to the tonnage of the  
10 entire cargo of the vessel.

11           SEC. 15. **Audit Personnel and Report.** –

12           a. *Personnel* – The Chairman of the Commission on Audit (COA) shall  
13 designate from the COA office the NLRC's Chief Auditor. The  
14 necessary personnel as determined by the COA Commissioner to  
15 assist the designated Auditor shall come from the COA office of the  
16 provinces of Cagayan, Isabela, Nueva Viscaya, and Nueva Ecija. The  
17 salaries and other expenses of maintaining the Auditor's office shall  
18 be paid by the NLRC.

19           b. *Report* – The financial transactions of the NLRC shall be audited in  
20 accordance with law, administrative regulations, and the principles  
21 and procedures applicable to commercial corporate transactions. A  
22 report of auditor for each fiscal year by the Chief Auditor shall be  
23 submitted to the board of Directors, who, shall submit the same to the  
24 President of the Philippines, and copies thereof shall be furnished the  
25 President of the Senate and Speaker of the House of  
26 Representatives. The report shall set forth the scope of the audit and  
27 shall include a statement of assets and liabilities, capital and surplus  
28 or deficit; a statement and surplus or deficit analysis; statement of  
29 income and expenses; a statement of sources and application of

1 funds, and such comments and information as may be necessary,  
2 together with such recommendations with respect thereto as may be  
3 advisable, including a report of any impairment of capital noted in the  
4 audit. The report shall likewise show any program, expenditure, or  
5 other financial transaction or undertaking observed in the course of  
6 audit, which in the opinion of the Chief Auditor, has been carried on or  
7 made without authority of law.

8 SEC. 16. **Legal Counsel.** – The NLRC shall have its own legal  
9 department, the chief and members of which shall be appointed by the Board of  
10 Directors.

11 SEC. 17. **Liquidation.** – Three (3) years before the expiration of the  
12 NLRC, the Board of Directors shall constitute a Committee on Liquidation. The  
13 Committee shall take charge of winding up the NLRC's corporate affairs and  
14 effecting its liquidation. The same committee shall submit a final report to the  
15 President of the Philippines and to both Houses of Congress.

16 SEC. 18. **Reversion of General Funds.** – All funds resulting from  
17 dissolution and liquidation of the NLRC as herein provided shall revert to the  
18 National Treasury

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

22 SEC. 20. **Repealing Clause.** - All acts, executive orders,  
23 administrative orders, proclamations, rules and regulations or parts thereof  
24 inconsistent with any of the provisions of this Act, are hereby repealed or  
25 modified accordingly.

26 SEC. 21. **Separability Clause.** In the event any provision of this Act or  
27 the application of such provision to any person or circumstance is declared  
28 unconstitutional, the remainder of this Act or the application of said provision to  
29 other persons or circumstances shall not be affected thereby.

1           SEC. 4. **Effectivity.** - This Act shall take effect fifteen (15) days after its  
2 publication in two (2) national newspapers of general circulation.

3           Approved,