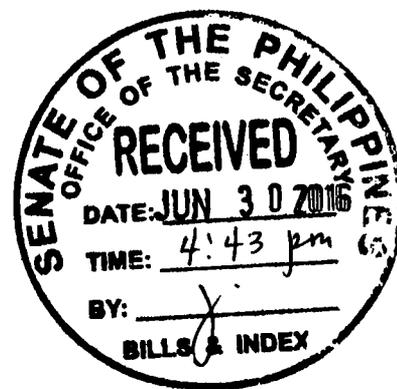


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S.B. No. 137

Introduced by Senator SONNY ANGARA

**AN ACT
CREATING THE MINDANAO RAILWAYS CORPORATION,
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND
PROVIDING FOR THE NECESSARY FUNDS FOR ITS OPERATION**

Mindanao is seen as a key driver of our country's economic growth, being the country's second biggest island grouping and home to more than 21.5 million people including 27 indigenous communities. Mindanao's population already comprises a quarter of the country's total population. It holds great promise for agriculture and industrial development—as well as abundant mineral resources valued at around \$310 billion. There is also vast potential for renewable energy such as in biomass, ocean energy and wind power.

Based on the National Economic Development Authority's (NEDA) Mindanao Strategic Framework 2010-2020, Mindanao is envisioned to be a peaceful and socially-inclusive community with a strong, sustainable and competitive economy that will be responsive to local and global opportunities. A world-class, extensive railway system throughout the island would greatly help realize this bright vision.

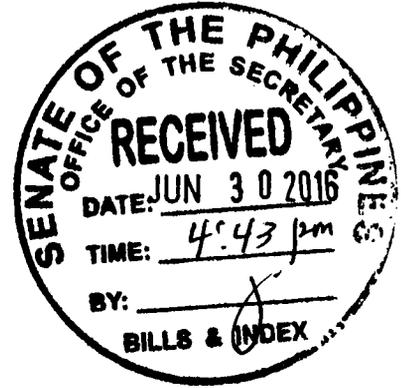
This bill seeks to establish a Mindanao Railways Corporation that will own and operate such a system that could possibly be comprised of railroads, tramways and other kinds of land transportation. The Corporation will see to it that there will be a considerable increase in the mobility of our Mindanaoan fellowmen. It will connect at first booming major urban centers and provincial capitals such as Davao City, Iligan City, Cagayan de Oro City, Zamboanga City, Cotabato City, Marawi City, Pagadian City, and Dipolog and eventually cover as many Mindanaoan communities as possible.

We are convinced that the creation of the Mindanao Railways Corporation will pave the way to Mindanao's development and accelerate economic activity to immensely benefit traders and businessmen—and ultimately the entire country.

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


SONNY ANGARA

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

1 **SECTION 1. Name, Duration and Domicile.** A corporation to serve as the instrumentality of
2 the Government of the Philippines in providing a railroad and the transportation system for the
3 whole island of Mindanao is hereby created, to be known as the Mindanao Railways
4 Corporation, and hereafter referred to as the Corporation. The Corporation shall exist for a term
5 of fifty (50) years from the date of the approval of this
6 Act. It shall have its main office in Davao City and shall have such branches and agencies within
7 or outside Mindanao as may be necessary for the proper conduct of its business.

8

9 **SEC. 2. Purposes and Specific Powers.** The Corporation shall have the following purposes
10 and specific Powers:

11 (a) To own or operate railroads, tramways, and other kinds of land transportation,
12 vessels and pipelines, for the purpose of transporting for consideration, passengers,
13 mails and property between any point in Mindanao.

14 (b) As an auxiliary to its main purpose, to own and/or operate powerhouses, hotels,
15 restaurants, terminals, warehouses, timber concessions, coal mines, iron and other
16 mineral properties and to manufacture rolling stocks, equipment, tools and other
17 appliances, to construct and operate in connection with its railroad lines, toll viaducts,
18 toll tunnels and the like.

19

20 **SEC. 3. Authorized Capital Stock of the Mindanao Railways Corporation.** The Authorized
21 Capital Stock of the Mindanao Railways Corporation shall be One Billion Pesos
22 (P1,000,000,000.00) divided into Ten Million (P10,000,000.00) shares at par value shares of one
23 hundred pesos each (P100.00) which shall be fully subscribed by the Philippine Government,
24 twenty percent (20%) of which or Two Hundred million pesos (P200,000,000.00) shall be initially
25 paid-up and the balance shall be paid from a continuing annual appropriation of not less than
26 two hundred million pesos (P200,000,000.00) which is hereby appropriated out of any funds in

1 the National Treasury not otherwise appropriated. The said amount shall be programmed and
2 released by the Budget Commission in accordance with the schedule of cash requirements to
3 be prepared and submitted by the Mindanao Railways Corporation. Provided, That this
4 continuing annual appropriation of Two Hundred million pesos (P200,000,000.00) and the
5 programming and release thereof shall remain in force until the authorized capital subscribed by
6 the Government shall have been paid in full.

7
8 **SEC. 4. General Powers.** The Corporation shall have the following general powers:

9 (a) to do all such other things and to transact all such business directly or indirectly
10 necessary, incidental or conducive to the attainment of the purpose of the
11 corporation; and

12 (b) Generally, to exercise all powers of a railroad corporation under the Corporation Law
13

14 **SEC. 5. Board of Directors, Composition and Appointment.** The corporate powers of the
15 corporation shall be vested in and exercised by a Board of Directors of not more than eleven
16 and not less than five members as may be fixed by the President of the Philippines, consisting
17 of chairman, vice-chairman, and other members appointed by the President of the Philippines
18 with the consent of the Commission on Appointments. The members of the Board need not be
19 stockholders of the Corporation, The first members of the Board shall serve as designated by
20 the President in their appointments for terms of one, two, and three years, respectively, from the
21 date they qualify an assume office; but their successors shall be appointed for terms of three,
22 except that any person chosen to fill a vacancy shall serve only for the unexpired term of the
23 member whom he succeeds. For actual attendance of the meetings, each such members shall
24 receive a per diem of eight hundred pesos (P800.00).

25 The Chairman and all the members of the Board must be residents of Mindanao for at
26 least seven (7) years prior to the appointments.

27
28 **SEC. 6. Powers and Duties of the Board of Directors.** The Board of Directors shall have the
29 following powers and duties:

30 (a) To prescribe, amend and repeal, the by-laws, rules and regulations governing the
31 manner in which the general business of corporation may be exercised, including
32 provisions for the formation of such committee or committees as the Board of the
33 Directors may deem necessary to facilitate its business.

34 (b) To appoint and fix the compensation of the General manager, subject to the approval
35 of the President of the Philippines, and to appoint and fix the compensation of the
36 other officers of the Corporation. The Board by a majority vote of all the members
37 may, for cause, suspend and/or remove the General Manager.

38 (c) To approve the annual and/or such supplemental budgets of the Corporation which
39 may be submitted to it by the General Manager from time to time.

40
41 **SEC. 7. Suspension and Removal of Directors.** Any member of the Board of Directors may,
42 for cause, be suspended or removed by the President of the Philippines.

1
2 **SEC. 8. *Prohibition for Board Members.***- No Chairman or member of the Board of Directors
3 of the Corporation shall at the same time serve in the Corporation in any capacity whatsoever
4 other than as Chairman or member thereof, unless otherwise authorized by the President of the
5 Philippines or existing law.

6
7 **SEC. 9. *Managing Head.*** The management of the Corporation shall be vested in the General
8 Manager.

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

- 12 (a) To direct and manage the affairs and business of the Corporation on behalf of the
13 Board of Directors, and subject to its control and supervision;
14 (b) To sit in all meetings of the Board of Directors, as Vice-chairman, and participates in
15 its deliberations, with the right to vote, and to preside any meetings for or in the
16 absence of the Chairman;
17 (c) To submit within sixty (60) days after the close of each fiscal year an annual report,
18 through the Board of Directors, to the office of the President of the Philippines;
19 (d) To appoint and fix the number and salaries, with the approval of the Board of
20 Directors, to remove, suspend, or otherwise discipline, for cause, any subordinate
21 employee of the Corporation; and
22 (e) To perform such other duties as may be assigned to him by the Board of Directors
23 from time to time.

24
25 **SEC. 11. *Appointment and Promotion.*** In the appointment and promotion of officers and
26 employees, merit and efficiency shall serve as basis, and no political test or qualification shall
27 be prescribed and considered for such appointments or promotions. Said officers and
28 employees shall be subject to the Civil Service Law, rules and regulations.

29
30 **SEC. 12. *Exemption from Taxes, Duties and Port Charges.*** The Corporation is hereby
31 exempt from payment of all taxes of every name and nature - municipal, city, provincial or
32 national- upon its capital stock, franchises, right of way, earnings, and all other property owned
33 or operated by it and all duties on all railways materials, supplies and equipment imported in the
34 Philippines for and/or by the said Corporation and this exemption shall extend to port charges
35 upon vessels whose entire cargo consist of materials for the construction or equipment of the
36 Corporation and to such proportion of the prescribed port charges on other vessels as the
37 tonnage of materials for such constructions or equipment may bear to the tonnage of the cargo
38 of the vessel.

39
40 **SEC. 13. *Audit Personnel and Report.*** The Commission on Audit shall appoint a
41 representative who shall be the Auditor of the Corporation, and the necessary personnel to
42 assist said representative in the performance of his/her duties. The number and salaries of the

1 Auditor and said personnel shall be determined by the Commission on Audit, subject to
2 appropriation by the Board of Directors. In case of disagreement, the matter shall be submitted
3 to the President of the Philippines whose decision shall be final. Said salaries and all other
4 expenses of maintaining the Auditor's office shall be paid by the Corporation.

5 (a) Report - The financial transaction of the Corporation shall be audited in accordance
6 with law, administrative regulations and the principles and procedures applicable to
7 commercial corporate transactions. A report of audit for each fiscal year, by the
8 representative of the Commission on Audit, through the latter, to the Board of
9 directors of the Corporation, and copies thereof shall be furnished the President of
10 the Philippines, and the Presiding Officers of the two Houses of Congress. The
11 report shall set forth the scope of the audit and shall include a statement of assets
12 and liabilities, capital and surplus or deficit; a statement and surplus or deficit
13 analysis; statement of income and expenses; a statement of sources and application
14 of funds; and such comments and information as may be necessary, together with
15 such recommendations with respect thereto as may be advisable, including a report
16 of any impairment of capital noted in the audit. The report also shows specifically any
17 program, expenditures or other financial transaction or undertaking observed in the
18 course of audit, which in the opinion of the Auditor, has been carried on or made
19 without authority of law.
20

21 **SEC. 14. *Legal Counsel.*** The Corporation shall have its own Legal department, the chief and
22 members of which shall be appointed by the Board of Directors.
23

24 **SEC. 15. *Exemption from the Land Transportation Commission Act.*** The Corporation shall
25 not be subject to the authority and supervision of the Land Transportation Commission.
26

27 **SEC. 16. *Liquidation.*** When its term or period of existence has expired in accordance with the
28 provision of this Act, the Corporation shall nevertheless continue as a body corporate for three
29 (3) years after the time of its dissolution for the purpose of prosecuting and defending suits by or
30 against it and of enabling it gradually to settle and close its affairs, to dispose of and convey its
31 properties, but not for the purpose of continuing the business for which it was established. In
32 order to carry out its liquidation, upon the dissolution of the Corporation, a Board of Liquidators
33 shall be appointed by the President to take charge of winding up its corporate affairs and
34 effecting its liquidation.
35

36 **SEC. 17. *Strikes During National Emergency.*** The provisions of law to the contrary
37 notwithstanding, in cases of national emergency, or when in the opinion of the President of the
38 of the Philippines, the national security or interest is in imminent danger, employees and
39 laborers of the Corporation shall not strike for the purpose of securing changes or modification
40 in their terms and conditions of employment during said period of emergency.
41

1 **SEC. 18. *Reversion of General Funds.*** All funds resulting from dissolution and liquidation of
2 the Corporation as herein provided shall revert to the general funds of the Government.

3

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

7

8 **SEC. 20. *Repealing Clause.*** The provisions of Republic Act No. 4156, as amended, creating
9 the Philippine National Railways and all acts, executive orders, administrative orders, and
10 proclamations or parts thereof inconsistent with any of the provision of this Act, are hereby
11 repealed or modified accordingly.

12

13 **SEC. 21. *Separability Clause.*** If any part or provision of this Act is declared invalid or
14 unconstitutional, the remaining parts or provisions not affected thereby, shall remain in full force
15 and effect.

16

17 **SEC. 22. *Effectivity.*** This Act shall take effect upon its approval.

18

19 Approved,