

17<sup>th</sup> CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



Senate  
Office of the Secretary

'16 SEP 19 P12:30

SENATE

S.B. No. 1150

RECEIVED BY: 

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Introduced by Senator Emmanuel D. Pacquiao

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

EXPLANATORY NOTE

To balance development in the country, it is a must to efficiently link and connect the major cities of Mindanao by rail. Mindanao, known as the country's food basket, is the second largest island group in the country with a population of 22 million (world's 10th most populous island) and an annual population growth rate of 1.9 percent from 2000 to 2010. However, due to poor quality of roads, incomplete road networks and wanting of a mass transit system, travel cost and food commodity transfer to Mindanao agricultural areas has been a daily struggle for the Mindanaoans.

This bill seeks to enhance interconnectivity and linkages through passengers and freight railway transport development, and further boost trade, commerce and tourism in Mindanao. The Mindanao Railways Authority will manage and operate the original proposed development phases of the Mindanao Railways Project or MindaRail, which is to be effected in six stages or phases that will eventually cover the whole of Mindanao including the inner cities and towns.

Immediate passage of this bill is highly needed.



EMMANUEL D. PACQUIAO  
Senator

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

CHAPTER 1

TITLE, POLICY AND OBJECTIVES

SECTION 1. Short Title—This Act shall be known as the “Mindanao Railways Authority Act of 2016”.

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, maintenance and more importantly, the sustainability of the railways system and the operative budget of the national government agency to be created under this Act.

SEC. 3. Creation and Objectives. - There shall be created the Mindanao Railways Authority (MRA), hereinafter called the Authority, which is the national government agency attached to the Office of the President, with the following immediate objectives:

a) To provide for the railways system in Mindanao connecting as vast an area as deemed feasible in consideration of the Mindanao Railways Project (MRP) as mandated under the Philippine National Railways Charter or Republic Act No. 4156, and, the MRP



1 Feasibility Study as an undertaking of the National Economic and Development Authority  
2 (NEDA) as Executing Agency and the Department of Transportation and Communication  
3 (DOTC) as Implementing Agency and funded under the General Appropriations Act of FY  
4 2017;

5  
6 b) To initiate the provisions of "An Act Facilitating The Acquisition Of Right-Of-  
7 Way Site or Location For National Government Infrastructure Projects" or R.A. No. 10752  
8 upon effectivity of this Act; and

9 c) To call upon all concerned National Government Agencies and Local Government  
10 Units to render technical and administrative support for the implementation of the provisions  
11 of this Act.  
12

## 13 14 CHAPTER II

### 15 16 NATURE, SPECIFIC AND GENERAL POWERS

17  
18 SEC. 4. Name and Domicile. - To carry out the foregoing transportation policy, the  
19 Mindanao Railways Authority, shall be primarily responsible for the construction, operation  
20 and maintenance of a railways transportation system in Mindanao. It shall have its main  
21 office in the City of Davao, and shall have such branches and agencies within or outside the  
22 Philippines as may be necessary for the proper conduct of its business.  
23

24 SEC. 5. Purposes and Specific Powers. - The Mindanao Railways Authority shall have  
25 the following purposes and specific powers:  
26

27 a) To hold the assets of the Philippine National Railways, and to succeed to, or  
28 acquire, maintain and operate such grants, concessions and franchises as are now held and  
29 enjoyed by the PNR but limited only to those located in Mindanao among the  
30 aforementioned;  
31

32 b) To own or operate railroads, tramways, and other kinds of land transportation,  
33 vessels and pipelines, for the purpose of transporting, for consideration, passengers, mail and  
34 property between any points in Mindanao; and  
35

36 c) As an auxiliary to its main purpose, to own and/or operate powerhouses, hotels,  
37 restaurants, terminal and warehouses; to manufacture rolling stock, equipment, tools and  
38 other appliances; and, to construct and operate toll viaducts and toll tunnels, in connection  
39 with its railroad lines.  
40

41 SEC. 6. General Powers. - The Authority shall have the following general powers:  
42

43 a) To have continuous succession under its corporate name, until otherwise provided  
44 by law;

45 b) To prescribe, amend, and/or repeal its by-laws;  
46

47 c) To adopt and use a seal and alter it at its pleasure;  
48

49 d) To sue and be sued;  
50

1 e) To contract any obligation or enter into, assign or accept the assignment of, and  
2 vary or rescind any agreement, contract or obligation necessary or incidental to the proper  
3 management of the Authority;  
4

5 f) To borrow funds from any source, private or public, foreign or domestic, and to  
6 issue bonds and other evidence of indebtedness, the payment of which shall be guaranteed by  
7 the National Government, subject to pertinent borrowing laws;  
8

9 g) To acquire, receive, take and hold by bequest, devise, gift, purchase or lease, either  
10 absolutely or in trust for any of its purposes, from foreign and domestic sources, any assets,  
11 grants or property, real or personal, subject to such limitations as are provided in existing  
12 laws; to convey or dispose such assets, grants, or properties, movable and immovable; and  
13 invest and/or reinvests such proceeds and deal with and expand its assets and income in such  
14 a manner as will best promote its objectives;  
15

16 h) To improve, develop or alter any property held by it;

17 i) To carry on any business, either alone or in partnership with any other person or  
18 persons;  
19

20 j) To employ an agent or contractor or perform such things as the Authority may  
21 perform;  
22

23 k) To exercise the right of eminent domain, whenever the Authority deems it  
24 necessary for the attainment of its objectives;  
25

26 l) To prescribe rules and regulations in the conduct of its general business as well as  
27 to fix and implement the terms and condition of its related activities;  
28

29 m) To determine the fares payable by persons travelling on the rail system, in  
30 consultation with the Department of Transportation and the NEDA;  
31

32 n) To establish, operate, and maintain branches or field offices when required by the  
33 exigencies of its business;  
34

35 o) To determine its organizational structure and the number, positions and salaries of  
36 its personnel, subject to pertinent organization and compensation law; and  
37

38 p) To exercise such powers and perform such duties as may be necessary to carry out  
39 the business and purposes for which the Authority was established or which, from time to  
40 time, may be declared by the Board of Directors to be necessary, useful, incidental or  
41 auxiliary to accomplish such purposes; and generally, to exercise all powers of any Authority  
42 under the Corporation Law that are not inconsistent with the provisions of this Act, or with  
43 orders pertaining to government corporate budgeting, organization, borrowing, or  
44 compensation.  
45

### 46 CHAPTER III

### 47 THE MRA BOARD OF DIRECTORS



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

4  
5 a) Secretary of Transportation, as Chairperson;

6  
7 b) MRA Administrator, as Vice-Chairperson;

8  
9 c) Secretary of Finance;

10  
11 d) Secretary of Economic Planning, Director General of the NEDA;

12  
13 e) Secretary of Public Works and Highways; and

14  
15 f) Two representatives from the private sector who shall each be selected from the  
16 members of the Philippine Institute of Civil Engineers (PICE) and the Philippine Society of  
17 Mechanical Engineers (PSME), to be appointed by the President of the Philippines who shall  
18 select from three (3) nominees submitted separately by the PICE and PSME. They shall serve  
19 a non-extendible single term of three (3) years.

20  
21 The officials next in rank to, or such officials duly designated by, the regular members  
22 shall serve as alternate members, except that, in the absence of the Chairman, the Board shall  
23 elect a temporary presiding officer. The alternate members shall attend meetings of the Board  
24 and committees assigned to them by their principals and receive the corresponding per diems,  
25 whenever their principals are absent or said positions are vacant.

26  
27 SEC. 8. Per Diem. - The members of the Board shall not receive any compensation  
28 but shall be provided with per diem at rates allowed under existing rules and regulations.

29  
30 SEC. 9. Powers and Duties of the Board of Directors. - The Board of Directors shall  
31 have the following powers and duties:

32  
33 a) To prescribe, amend and repeal, with the approval of the Administrator, the by-  
34 laws, rules and regulations governing the manner in which the general business of the  
35 Authority may be exercised, including provisions for the formation of such committee, or  
36 committees as the Board of Directors may deem necessary to facilitate its business;

37  
38 b) To appoint and fix the compensation of the Administrator and of the other officers  
39 of the Authority, with the approval of the President and the Director General of NEDA. The  
40 Board by a majority vote of all the members, may, for cause, and with the approval of the  
41 President of the Philippines, suspend and or remove the Administrator;

42  
43 c) To approve the annual and such supplemental budgets of the Authority which may  
44 be submitted to it by the Administrator from time to time.

45  
46 SEC. 10. Suspension and Removal of Directors. - Any member of the Board of  
47 Directors may be suspended or removed by the President of the Philippines.

48  
49 SEC 11. Prohibited for Board Members. - No chairman or member of the Board of  
50 Directors shall at the same time serve in the Authority in any capacity whatsoever other than

1 as chairman or member thereof, unless otherwise authorized by the President of the  
2 Philippines or any existing law.

#### 3 4 CHAPTER IV

#### 5 6 THE ADMINISTRATOR

7  
8 SEC. 12. The Administrator. - The management of the Authority shall be vested in the  
9 Administrator.

10  
11 SEC. 13. Powers and Duties of the Administrator. - The Administrator shall have the  
12 following powers and duties:

- 13  
14 a) To direct and manage the affairs and business of the Authority on behalf of the Board  
15 of Directors, and subject to its control and supervision;  
16  
17 b) To sit in all meetings of the Board of Directors, as Vice Chairman, and participate in  
18 all deliberation, with the right to vote, to preside any meetings for or in the absence of  
19 chairman;  
20  
21 c) To submit within sixty days after the close of each fiscal year an annual report,  
22 through the Board of Directors, to the office of the President of the Philippines and  
23 the Congress of the Philippines;  
24  
25 d) To appoint and fix the number and salaries, with the approval of the Board of  
26 Directors, of such subordinate personnel as may be necessary for the proper discharge  
27 of duties and function of the Authority, and with the approval of the Board of  
28 Directors, to remove, suspend, or otherwise discipline, any subordinate employee of  
29 the Authority; and  
30  
31 e) To perform such other duties as may be assigned to him by the Board of Directors  
32 from time to time.  
33

34 SEC. 14. Appointment and Promotion. - In the appointments and promotion of  
35 officers and employees, merit and efficiency shall serve as basis, and no political test  
36 or qualification shall be prescribed and considered for such appointments or  
37 promotion. Officers and employees shall be subject to the Civil Service Crew, rules  
38 and regulations.  
39

#### 40 CHAPTER V

#### 41 MANDATED APPROPRIATIONS

42  
43  
44 SEC. 15. APPROPRIATION. TO carry out the purposes of this Act, the amount of  
45 One Billion Pesos (P1,000,000,000.00) is hereby authorized to be appropriated for the initial  
46 operation of the Mindanao Railways Authority. Therefore, the annual Expenditures including  
47 capital outlays of the Authority shall be provided in the General Appropriations Act.



1  
2  
3 CHAPTER VI  
4

5 TAXES, DUTIES AND CHARGE  
6

7 SEC. 16. *Exemptions from taxes, duties, customs bonds and port charges.*-The  
8 authority is hereby exempt from payments of all national and local taxes upon its capital,  
9 franchises, right of way, Earning and all other property owned or operated by it and of all  
10 railways materials, supplies and equipment imported into the Philippines for and by the  
11 Authority. This exemption shall extend to port charges upon vessel whose entire cargo  
12 consist of material for the construction equipment of the authority, and, on other vessel to  
13 such contraction or equipment may bear to the tonnage of the entire cargo of the vessel; and  
14 such exemption shall further extend to filling of general importer's and general documentary  
15 bonds and warehouse bonds for the operation of its warehouse, Whether bonded warehouse  
16 or general order store.  
17

18 SEC. 17. Tax-exempt Loans. The project and program loans to be obtained by the  
19 National Government for the purposes of this Act shall be exempt from the payment of all  
20 national and local taxes.  
21

22 CHAPTER VII  
23

24 AUDIT AND REPORTS  
25

26 SEC. 18. Audit Personnel and Reports. - The Authority shall be subject to the  
27 Commission on Audit (COA) which shall have the power, authority and the duty to examine,  
28 audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or  
29 uses of funds and property of the Authority.  
30

- 31 a) Personnel. - The Chairman of the COA shall appoint a representative who shall be the  
32 Auditor of the Authority, and the necessary personnel to assist said representative in  
33 the performance of such duties. The number of personnel and corresponding salaries  
34 of the Auditor and the personnel shall be determined by the COA chairman, subject to  
35 appropriation by the Board of Directors. In the case of disagreement, the matter shall  
36 be final. Said salaries and all other expenses of maintaining the Auditor's office shall  
37 be paid by the Authority.  
38
- 39 b) Report. The financial transaction of the Authority shall be audited in accordance with  
40 law, administrative regulations, and the principles and procedures applicable to the  
41 commercial corporate transaction. A report of audit for each for each Fiscal year, by  
42 the representative of the COA chairman, thought the latter, to the Board of Directors  
43 of the Authority, and Copies thereof shall be furnished the President of the  
44 Philippines, the secretary of Economic Planning, the Senate president and the Speaker  
45 of the House of Representatives. The report shall be set forth the scope of the Audit  
46 and shall include a statement and surplus or deficit analysis; statement of income and  
47 expenses; a statement of sources and application of funds; and such comments and  
48 information as may be necessary, together with such recommendations with respect

1           thereto as may be advisable, including a report of any program, expenditures, or other  
2           financial transaction or undertaking observed in the course of audit, which in the  
3           opinion of the Auditor, has been carried out or made authority of Law.

4           SEC. 19. Legal Department. - The Authority shall have its own legal department, the  
5           chief and members of which shall be appointed by the Administrator with the approval of the  
6           Board of Directors.

7  
8           SEC. 20. Exemption from the LTFRB Law. - The Authority shall not be subject to the  
9           authority, supervision and control of the Land Transportation Franchising and Regulatory  
10          Board (LTFRB), created under Executive Order No. 202, Series of 1987.

11  
12          SEC. 21. Strikes during national emergency. - The provisions of law to the contrary  
13          notwithstanding, in cases of national emergency, or when in the opinion of the President of  
14          the Philippines, the national security or interest is in imminent danger, employees and  
15          labourers of the Authority shall not strike for the purposes of securing changes or  
16          modification in their terms and conditions of employment during said period of emergency.  
17          Provided, however, That during the implementation of this Act, management and labor  
18          should always strive to maintain industrial peace by availing of and exhausting all methods of  
19          resolving all labor disputes to ensure the continuous, effective and successful establishment  
20          of the Mindanao Railways: Provided, further, That the Authority may enter into collective  
21          bargaining agreements, one for personnel of supervisory rank and the other for personnel of  
22          non-supervisory rank regardless of the number of recognized unions which may be or might  
23          have been organized therein.

24  
25          SEC. 22. Applicability of the Corporation Law. - The provisions of the Corporation Law  
26          which are not inconsistent with the provisions of this Act, shall be applicable to the  
27          Authority.

28  
29          SEC. 23. Implementing Rules and Regulations.—The Department of Transportation, in  
30          consultation with concerned government agencies and stakeholders, shall promulgate the  
31          implementing rules and regulations of this Act, within sixty (60) days from the effectivity of  
32          this Act.

33  
34          SEC. 24. Congressional Oversight Committee. - A Congressional Oversight Committee,  
35          hereinafter referred to as the "Committee", is hereby constituted in accordance with the  
36          provisions of this Act. The Committee shall be composed of the Chairman of the Senate  
37          Committee on Public Services and Chairman of the House Committee on Transportation and  
38          four (4) additional members from each House to be designated by the Senate President and  
39          the Speaker of the House of Representatives, respectively. The Committee shall, among  
40          others, in aid of legislation:

41  
42          (a) Monitor and ensure the proper implementation of this Act;

43  
44          (b) Review the collection performance of the Authority;

45  
46          (c) Review the proper implementation of the programs of the Authority and the use of its  
47          collected fund.



1 In furtherance of the hereinabove cited objectives, the Committee is empowered to  
2 require the Authority to submit all pertinent information including, but not limited to, its  
3 collection performance data and its annual audited financial statements certified by the  
4 Commission on Audit.

5  
6 The Congressional Oversight Committee shall be in existence for a period of five (5)  
7 years, and thereafter, its oversight functions shall be exercised by the Senate Committee on  
8 Public Services and the House Committee on Transportation acting separately.

9  
10 SEC. 25. Separability Clause. – If any portion of this Act is declared unconstitutional or  
11 invalid, the portions or provisions which are not affected shall continue to be in full force and  
12 effect.

13  
14 SEC. 26. Repealing Clause. - All laws, decrees, executive orders and rules and regulation  
15 or parts thereof which are inconsistent with this Act are hereby repealed or modified  
16 accordingly.

17  
18 SEC. 27. Effectivity. –This Act shall take effect fifteen (15) days after its complete  
19 publication in a newspaper of general circulation or in the Official Gazette.

20  
21  
22 Approved,