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Introduced by Senator Poe

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON PUBLIC SERVICES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED INEFFICIENT MANAGEMENT AND MAINTENANCE OF THE METRO RAIL TRANSIT (MRT) 3 RESULTING IN INCREASING INCIDENTS OF TRAIN MALFUNCTIONS, AND THE REPORTED NEED TO EXAMINE THE NEWLY DELIVERED DALIAN TRAINS DUE TO ALLEGATIONS THAT IT WILL REMAIN UNUSABLE UNTIL 2018

WHEREAS, since 2016, various media have reported about the anomalies with the MRT 3 maintenance contract between the previous administration and Busan Universal Rail, Inc. (BURI);

WHEREAS, since then, the MRT 3 has experienced several technical problems, such as derailment, doors failing to close, and service interruptions, leading to increasing complaints from the public;

WHEREAS, recently, the Department of Transportation, under the new administration, sent two memoranda to BURI, asking them to explain within seven days why its P3.8 billion maintenance contract with them should not be rescinded for non-performance of the company since January 2016;

WHEREAS, under the maintenance contract, BURI was required to maintain all 73 coaches and overhaul 43 of the same;

WHEREAS, in his first memorandum, Department of Transportation Undersecretary for Rails Cesar Chavez, cited the 2016 Commission on Audit (COA) report to highlight BURI's inefficiency;

WHEREAS, the COA report stated that from January to December 2016, there were 2,619 train removals, *i.e.*, pullout from daily runs due to glitches; 63 service interruptions, or

shutdowns due to problems with the coaches, tracks, power supply, and signaling; and 586 incidents of passenger unloading, at times, thrice a day;

WHEREAS, Usec. Chavez's second memo stated that "no coaches have been turned over, delivered, and duly accepted" despite the agreement that 17 of 43 coaches should have been initially overhauled;

WHEREAS, in response to both memoranda, BURI held a press conference claiming they are not to be faulted for the derailment and delay of MRT trains as the supposed glitches were existent since MRT-3 started operating in 2000;

WHEREAS, BURI blamed the condition of the coaches, the weather, the lack of train lubricants, and slow delivery of parts from suppliers for the technical problems the MRT has been experiencing; it also claimed that BURI complied with protocol to duly report derailment of any trains;

WHEREAS, Usec. Chavez, also, stated that the "maintenance was low par" and "the check-up substandard";¹

WHEREAS, in an article² by Jarius Bondoc, published last 28 April 2017 in *The Philippine Star*, it was claimed that BURI was contracted under unusual circumstances, such that there was no public bidding for the three-year contract, and that closed-door meetings were held prior to the signing of the contract;

WHEREAS, the article also claimed that invitations to reputable Philippine, Singaporean, and European train operations were just for show, and that the deal had been already reserved for four Filipino companies that would later form BURI;

WHEREAS, these four Filipino companies allegedly have no experience in handling rail maintenance -- Edison Construction was into real estate, Tramet Mercantile into general merchandising, TMI Corp. into agricultural supply, and Castan Corp. into plumbing; the financial specs were also altered to suit their inadequate capitalization;

WHEREAS, Bondoc claimed that the four companies used Korea's Busan Transport Corp. for technical knowhow and money but Busan only owned four percent of BURI;

WHEREAS, Bondoc also pointed out that Usec. Chavez sent a third memo to DOTr lawyers to "look into rescinding that wasteful expense" referring to the provision in BURI's

¹ Ramirez, Robertzon (26 April 2017) "48 new MRT coaches remain unusable – DOTR" *The Philippine Star* Retrieved from <<http://www.philstar.com/headlines/2017/04/26/1694052/48-new-mrt-coaches-remain-unusable-dotr>> Accessed 2 May 2017.

² See Bondoc, Jarius. (28 April 2017) "MRT-3 maintenance firm told to explain," *The Philippine Star*. Retrieved from <<http://www.philstar.com/opinion/2017/04/28/1694585/mrt-3-maintenance-firm-told-explain>>. Accessed 2 May 2017.

P3.8-billion contract that will allow BURI to totally replace MRT's signaling for P888 million, despite this being newly upgraded and installed;

WHEREAS, previously, Busan Transportation President Jong-hum Park promised that they will "not keep the urban rail just a simple transportation system, but will make it a space for culture and art to be able to breathe in";

WHEREAS, former Department of Transportation and Communication Secretary Joseph Emilio "Jun" Abaya noted that the contract with BURI was more of an emergency procurement because of two failed biddings;³

WHEREAS, in addition to the anomalous MRT maintenance contract, the MRT is hounded by another problem—the 48 new light rail vehicles (LRVs) purchased from Dalian Locomotive and Rolling Stock Co. (Dalian) of China would remain unusable because it has no signaling system device that keeps safe distances between trains;⁴

WHEREAS, the 48 LRVs were part of the MRT-3 capacity expansion project of former transport secretary Jun Abaya; and the contract awarded to Dalian is also worth P3.8 billion; which includes the P329 million signaling system that was supposed to be installed prior to the delivery of the coaches to the country;⁵

WHEREAS, according to Usec. Chavez, the coaches will not be usable until the next 1 to 1.5 years; ⁶

WHEREAS, like BURI, Dalian is blaming the DOTr for a misunderstanding that resulted in the upgrading of the installed signaling system, which render the trains useless in the Philippines;⁷

WHEREAS, however, according to Usec. Chavez, even if the signaling system is fixed, they still will not be able to use the LRVs if it has no "international independent party certificate";⁸

WHEREAS, Usec. Chavez also claims that the new trains will need more power in order for it to function and the rails will have to be fixed to accommodate the new trains;

³ GMA News Online (8 January 2016) "MRT maintenance consortium didn't walk out of deal – DOTC" Retrieved from <<http://www.gmanetwork.com/news/money/companies/550517/mrt-maintenance-consortium-didn-t-walk-out-of-deal-dotc/story>>. Accessed 2 May 2017.

⁴ *Id.* at 1.

⁵ Ilas, Joyce (16 March 2017) "48 new MRT-3 coaches cannot be used until next year - DOTr exec" CNN Philippines. Retrieved from <<http://cnnphilippines.com/news/2017/03/16/new-mrt-coaches-48-next-year-use.html>>. Accessed 2 May 2017.

⁶ *Id.*

⁷ *Id.* at 2.

⁸ *Id.* at 1.

WHEREAS, as per reports, the DOTr has already contracted companies to increase the power supply of the MRT;

WHEREAS, both contracts by the previous DOTC need to be re-examined as these involve billions of pesos and directly affect and could possibly endanger the safety and convenience of thousands of commuters;

WHEREAS, Congress, in the exercise of its oversight function in aid of legislation should ensure a safe, decent, and efficient public transportation system; thus, inept and corrupt government officials should not go unpunished for entering into anomalous and patently disadvantageous contracts in the public transportation sector;

WHEREAS, it is imperative for the Senate to conduct an investigation, precisely because this issue is a recurring one that has yet to be resolved by the proper government agencies;

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on the reported inefficient management and maintenance of the Metro Rail Transit (MRT) 3 resulting in increasing incidents of train malfunctions, and the reported need to examine the newly delivered Dalian trains due to allegations that it will remain unusable until 2018.

Adopted,


GRACE POE