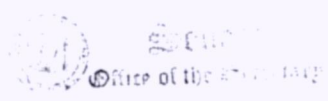


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



'19 JUL 10 A10 :07

**SENATE**  
S. B. No. 327

RECEIVED BY \_\_\_\_\_

---

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**

EXPLANATORY NOTE

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 24 million people<sup>1</sup> 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.

---

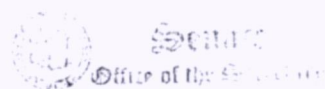
<sup>1</sup> Based on 2015 Census, Mindanao population is 23.9% of the 100,981,437 population as of August 1, 2015.

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.

A handwritten signature in black ink, appearing to be 'SA', with a long, sweeping underline that extends to the right.

**SONNY ANGARA**



'19 JUL 10 A10 :08

**SENATE**  
**S. B. No. 327**

RECEIVED BY: \_\_\_\_\_

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**

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

9 Sec. 2. *Purposes and Specific Powers.* – The Corporation shall have the  
10 following purposes 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,  
13 passengers, 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  
16 other mineral properties and to manufacture rolling stocks, equipment, tools

1 and other appliances, to construct and operate in connection with its railroad  
2 lines, toll viaducts, toll tunnels and the like.

3 *Sec. 3. Authorized Capital Stock of the Mindanao Railways Corporation.* – The  
4 Authorized Capital Stock of the Mindanao Railways Corporation shall be One Billion  
5 Pesos (P1,000,000,000.00) divided into Ten Million (P10,000,000.00) shares at par  
6 value shares of one hundred pesos each (P100.00) which shall be fully subscribed by  
7 the Philippine Government, twenty percent (20%) of which or Two Hundred million  
8 pesos (P200,000,000.00) shall be initially paid-up and the balance shall be paid from  
9 a continuing annual appropriation of not less than two hundred million pesos  
10 (P200,000,000.00) which is hereby appropriated out of any funds in the National  
11 Treasury not otherwise appropriated. The said amount shall be programmed and  
12 released by the Budget Commission in accordance with the schedule of cash  
13 requirements to be prepared and submitted by the Mindanao Railways Corporation:  
14 *Provided,* That this continuing annual appropriation of Two Hundred million pesos  
15 (P200,000,000.00) and the programming and release thereof shall remain in force  
16 until the authorized capital subscribed by the Government shall have been paid in full.

17 *Sec. 4. General Powers.* – The Corporation shall have the following general  
18 powers:

19 (a) To do all such other things and to transact all such business directly or indirectly  
20 necessary, incidental or conducive to the attainment of the purpose of the  
21 corporation; and

22 (b) Generally, to exercise all powers of a railroad corporation under the Corporation  
23 Law.

24 *Sec. 5. Board of Directors, Composition and Appointment.* – The corporate  
25 powers of the corporation shall be vested in and exercised by a Board of Directors of  
26 not more than eleven and not less than five members as may be fixed by the President  
27 of the Philippines, consisting of chairman, vice-chairman, and other members  
28 appointed by the President of the Philippines with the consent of the Commission on  
29 Appointments. The members of the Board need not be stockholders of the  
30 Corporation, The first members of the Board shall serve as designated by the President  
31 in their appointments for terms of one, two, and three years, respectively, from the  
32 date they qualify an assume office; but their successors shall be appointed for terms

1 of three, except that any person chosen to fill a vacancy shall serve only for the  
2 unexpired term of the member whom he succeeds. For actual attendance of the  
3 meetings, each such members shall receive a per diem of one thousand pesos  
4 (P1,000.00) or as may be approved by the Board: *Provided*, That the rate shall be in  
5 compliance with the limits provided for by existing laws, executive orders or rules  
6 issued by the Governance Commission for Government-owned and Controlled  
7 Corporations (GCG).

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

10 *Sec. 6. Powers and Duties of the Board of Directors.* – The Board of Directors  
11 shall have the following powers and duties:

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

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

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

23 *Sec. 7. Suspension and Removal of Directors.* – Any member of the Board of  
24 Directors may, for cause, be suspended or removed by the President of the Philippines.

25 *Sec. 8. Prohibition for Board Members.* – No Chairman or member of the Board  
26 of Directors of the Corporation shall at the same time serve in the Corporation in any  
27 capacity whatsoever other than as Chairman or member thereof, unless otherwise  
28 authorized by the President of the Philippines or existing law.

29 *Sec. 9. Managing Head.* – The management of the Corporation shall be vested  
30 in the General Manager.

31 *Sec. 10. Powers and Duties of the General Manager.* – The General Manager  
32 shall have the following powers and duties:

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

14 Sec. 11. *Appointment and Promotion.* – In the appointment and promotion of  
15 officers and employees, merit and efficiency shall serve as basis, and no political test  
16 or qualification shall be prescribed and considered for such appointments or  
17 promotions. Said officers and employees shall be subject to the Civil Service Law, rules  
18 and regulations.

19 Sec. 12. *Exemption from Taxes, Duties and Port Charges.* – The Corporation is  
20 hereby exempt from payment of all taxes of every name and nature - municipal, city,  
21 provincial or national- upon its capital stock, franchises, right of way, earnings, and  
22 all other property owned or operated by it and all duties on all railways materials,  
23 supplies and equipment imported in the Philippines for and/or by the said Corporation  
24 and this exemption shall extend to port charges upon vessels whose entire cargo  
25 consist of materials for the construction or equipment of the Corporation and to such  
26 proportion of the prescribed port charges on other vessels as the tonnage of materials  
27 for such constructions or equipment may bear to the tonnage of the cargo of the  
28 vessel.

29 Sec. 13. *Audit Personnel and Report.* – The Commission on Audit shall appoint  
30 a representative who shall be the Auditor of the Corporation, and the necessary  
31 personnel to assist said representative in the performance of his/her duties. The  
32 number and salaries of the Auditor and said personnel shall be determined by the

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

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

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

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

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

1 appointed by the President to take charge of winding up its corporate affairs and  
2 effecting its liquidation.

3       Sec. 17. *Strikes During National Emergency.* – The provisions of law to the  
4 contrary notwithstanding, in cases of national emergency, or when in the opinion of  
5 the President of the of the Philippines, the national security or interest is in imminent  
6 danger, employees and laborers of the Corporation shall not strike for the purpose of  
7 securing changes or modification in their terms and conditions of employment during  
8 said period of emergency.

9       Sec. 18. *Reversion of General Funds.* – All funds resulting from dissolution and  
10 liquidation of the Corporation as herein provided shall revert to the general funds of  
11 the Government.

12       Sec. 19. *Applicability of the Corporation Law.* – The provisions of the  
13 Corporation Law which are not inconsistent with the provisions of this Act, shall be  
14 applicable lo the corporation created hereby.

15       Sec. 20. *Repealing Clause.* – The provisions of Republic Act No. 4156, as  
16 amended, creating the Philippine National Railways and all acts, executive orders,  
17 administrative orders, and proclamations or parts thereof inconsistent with any of the  
18 provision of this Act, are hereby repealed or modified accordingly.

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

22       Sec. 22. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
23 publication in the *Official Gazette* or in any two (2) newspapers of general circulation  
24 in the Philippines.

Approved,