

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

11 FEB 11 2008

SENATE
P.S. Reso. No. 302

RECEIVED BY: HA

Introduced by Senator Panfilo M. Lacson

RESOLUTION

DIRECTING THE SENATE BLUE RIBBON COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE ALLEGED OVERPRICING OF THE SOUTHRAIL PROJECT, REHABILITATING THE RAILWAY SYSTEM FROM MANILA TO BICOL, WITH THE END IN VIEW OF PROVIDING REMEDIAL LEGISLATION THAT WILL FURTHER STRENGTHEN THE PERTINENT PROVISIONS OF REPUBLIC ACT NO. 9184 OR THE GOVERNMENT PROCUREMENT REFORM ACT, AND REPUBLIC ACT NO. 3019 OR THE ANTI-GRAFT AND CORRUPT PRACTICES ACT.

Whereas, the government is seeking to expedite the completion of eight priority railway projects aimed to provide an alternative and more accessible mode of transportation for the commuting public in Metro Manila and surrounding provinces;

Whereas, majority of these railways projects involve the interconnection, improvement, upgrading and extension of the existing mass railway systems such as the Light Rail Transit system, the Metro Rail Transit system, and the Northrail and Southrail systems;

Whereas, according to the Philippine National Railway (PNR), the Southrail project will be implemented in two phases – phase 1 is the rehabilitation and reconstruction of the existing 423 km railway line from Calamba, Laguna to Legazpi City, Albay, and phase 2 will cover the construction of a new 135 km. railway from Comun, Camalig, Albay to Matnog, Sorosogon;

Whereas, the PNR reported that the estimated total cost of the Southrail project is \$932.037 million, wherein \$627.811 is for phase 1 and \$304.226 million for phase 2;

Whereas, the PNR further reported that 95% of the project cost or \$885.435 million will be funded through a loan from the Export-Import Bank of China;

Whereas, in July 2007, the National Economic and Development Authority (NEDA) and the Ministry of Commerce of the People's Republic of China signed a memorandum of understanding for the 542-km. Southrail project;

Whereas, under the said agreement, both countries will create a Philippine-China Economic Joint Working Group to track and review the project's performance;

Whereas, Mr. Rodolfo Noel Lozada Jr., during the Senate Blue Ribbon Committee Hearing last 8 February 2008, divulged that the Southrail project is overpriced by \$70 million and that proponents of the said project informed him that some palace officials allegedly benefited from the said deal;

Whereas, the general manager of the PNR, Mr. Jose Sarasola, revealed that Mr. Lozada was with former NEDA Director Romulo Neri during two of the meetings for the Southrail project in 2006;

Whereas, numerous anomalous procurement deals have become a common occurrence in this administration wherein government officials blatantly disregard the rule of law just to further their pecuniary interests;


Whereas, these illegal transactions have only depleted our country's already limited resources and had diverted much needed funds from socially relevant projects;

Whereas, in light of recent events, it is evident that RA 9184 had become a toothless, if not useless, law in ensuring that the governmental procurement process is free from any irregularities, thus there is an urgent need to revise the provisions of the said law in order to make it more effective and efficient in preventing anomalies in the future;

Whereas, the deliberate actuations of government officials in conniving overpriced contracts manifest their grave disrespect for the provisions of the Anti-Graft and Corrupt Practices Act; **NOW, THEREFORE**,

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct, as it hereby directs, the Senate Blue Ribbon Committee to inquire, in aid of legislation, into the alleged overpricing of the Southrail project, with the end in view of providing remedial legislation that will further strengthen the pertinent provisions of Republic Act No. 9184 or the Government Procurement Reform Act, and Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act.

Adopted,


PANFILO M. LACSON
Senator