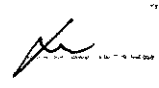


FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

8 FEB 27 1976

SENATE  
S. No. 2097

RECEIVED BY: 

Introduced by **Senator Richard J. Gordon**

**EXPLANATORY NOTE**

The State is primarily tasked to promote entrepreneurship and create job opportunities through full and efficient use of its resources. Infrastructure assets such as a railway system, when developed and optimized effectively and efficiently, and vast idle lands nearby, when utilized gainfully to accommodate industrial, agricultural, tourism and other enterprises with the direct participation of the local government units and the private sector as collective stakeholders, could become an economic engine of growth to encourage entrepreneurship and investments and create job and business opportunities.

The State must be aggressive in promoting and creating opportunities that will bring jobs to the people, work to the workers and promote a rising standard of living and an improved quality of life for all. With the creation of the Mindanao Railways Corporation that shall be tasked to establish a railroad and the transportation system for the whole island of Mindanao, the local communities shall be empowered to chart their own destinies and ensure local growth and nationwide economic success.

Mindanao is known as the Land of Promise, yet until the present, the State has failed to maximize the potential of the island to contribute to the regional and national economic development. The creation of the Mindanao Railways Corporation is a crucial step in the State's efforts to fully harness the natural and human resources of Mindanao for the benefit of the island's inhabitants and the Filipino people as a whole.

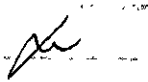
In view of the foregoing reasons, approval of this bill is earnestly requested.

  
**RICHARD J. GORDON**  
Senator

FOURTEENTH CONGRESS OF THE )  
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**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  
12 transportation, vessels and pipelines, for the purpose of transporting for  
13 consideration, passengers, mails and property between any point in  
14 Mindanao.

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

1           **Sec. 3. General Powers.** – The Corporation shall have the following general  
2 powers:

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

6           (b) Generally, to exercise all powers of a railroad corporation under the  
7 Corporation Code of the Philippines.

8           **Sec. 4. Authorized Capital Stock of the Mindanao Railways Corporation.** –

9 The Authorized Capital Stock of the Mindanao Railways Corporation shall be One  
10 Billion Pesos (PhP1,000,000,000.00) divided into Ten Million (PhP10,000,000.00)  
11 shares at par value shares of One Hundred Pesos each (PhP100.00), which shall be  
12 fully subscribed by the Philippine Government, twenty percent (20%) of which or Two  
13 Hundred Million Pesos (PhP200,000,000.00) shall be initially paid-up and the balance  
14 paid from a continuing annual appropriation of not less than Two Hundred Million  
15 Pesos (PhP200,000,000.00) which is hereby appropriated out of any funds in the  
16 National Treasury not otherwise appropriated. The said amount shall be programmed  
17 and released by the Budget Commission in accordance with the schedule of cash  
18 requirements to be prepared and submitted by the Mindanao Railways Corporation:  
19 *Provided*, That this continuing annual appropriation of Two Hundred Million Pesos  
20 (PhP200,000,000.00) and the programming and release thereof shall remain in force  
21 until the authorized capital subscribed by the Government shall have been paid in full.

22           **Sec. 5. Board of Directors, Composition and Appointment.** - The corporate

23 powers of the Corporation shall be vested in and exercised by a Board of Directors of  
24 not more than eleven and not less than five members as may be fixed by the  
25 President of the Philippines, consisting of a chairperson, a vice-chairperson, and other  
26 members appointed by the President of the Philippines with the consent of the  
27 Commission on Appointments. The members of the Board need not be stockholders  
28 of the Corporation. The first members of the Board shall serve as designated by the  
29 President of the Philippines in their appointments for terms of one, two and three  
30 years, respectively, from the date they qualify and assume office; but their successors  
31 shall be appointed for terms of three, except that any person chosen to fill a vacancy  
32 shall serve only for the unexpired term of whom he/she succeeds. For actual  
33 attendance at meetings, each member shall receive a per diem of Eight Hundred

1 Pesos (P800). The Chairperson and all the members of the Board must be residents  
2 of Mindanao for at least seven years prior to the appointments.

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

5 (a) To prescribe, amend and repeal the by-laws and rules and regulations  
6 governing the manner in which the general business of the Corporation  
7 may be exercised, including provisions for the formation of such  
8 committee or committees as the Board of the Directors may deem  
9 necessary to facilitate its business.

10 (b) To appoint and fix the compensation of the General Manager, subject to  
11 the approval of the President of the Philippines, and to appoint and fix  
12 the compensation of the other officers of the Corporation. The Board by  
13 a majority vote of all the members may, for cause, suspend and/or  
14 remove the General Manager.

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

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

21 **Sec. 8. Prohibition for Board Members.** – No Chairperson or member of the  
22 Board of Directors of the Corporation shall at the same time serve in the Corporation  
23 in any capacity whatsoever other than as Chairperson or member thereof, unless  
24 otherwise authorized by the President of the Philippines or existing law.

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

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

29 (a) To direct and manage the affairs and business of the Corporation on  
30 behalf of the Board of Directors, and subject to its control and  
31 supervision;

1 (b) To sit in all meetings of the Board of Directors, as Vice-chairperson, and  
2 participate in its deliberations, with the right to vote, and to preside any  
3 meetings for or in the absence of the Chairperson;

4 (c) To submit within sixty (60) days after the close of each fiscal year an  
5 annual report, through the Board of Directors, to the Office of the  
6 President of the Philippines;

7 (d) To appoint and fix the number and salaries, with the approval of the  
8 Board of Directors, to remove, suspend, or otherwise discipline, for  
9 cause, any subordinate employee of the Corporation; and

10 (e) To perform such other duties as may be assigned to him by the Board  
11 of Directors from time to time.

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

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

27 **Sec. 13. Audit Personnel and Report.** –

28 (a) Personnel - The Commission on Audit shall appoint a representative who  
29 shall be the Auditor of the Corporation, and the necessary personnel to assist said  
30 representative in the performance of his/her duties. The number and salaries of the  
31 Auditor and said personnel shall be determined by the Commission on Audit, subject  
32 to appropriation by the Board of Directors. In case of disagreement, the matter shall  
33 be submitted to the President of the Philippines whose decision shall be final. Said

1 salaries and all other expenses of maintaining the Auditor's office shall be paid by the  
2 Corporation.

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

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

20 **Sec. 15. Exemption from the Land Transportation Commission Act.** – The  
21 Corporation shall not be subject to the authority and supervision of the Land  
22 Transportation Commission.

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

32 **Sec. 17. Strikes During National Emergency.** – The provisions of law to the  
33 contrary notwithstanding, in cases of national emergency, or when in the opinion of

1 the President of the Philippines the national security or interest is in imminent danger,  
2 employees and laborers of the Corporation shall not strike for the purpose of securing  
3 changes or modification in their terms and conditions of employment during said  
4 period of emergency.

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

8 **Sec. 19. *Applicability of the Corporation Law.*** – The provisions of the  
9 Corporation Law which are not inconsistent with the provisions of this Act, shall be  
10 applicable to the corporation created hereby.

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

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

18 **Sec. 22. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations  
19 or other issuances or parts thereof inconsistent with the provisions of this Act are  
20 hereby repealed or modified accordingly.

21 **Sec. 23. *Effectivity.*** - This Act shall take effect upon its approval.

22 Approved,