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REPUBLIC OF THE PHILIPPINES)
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Senate
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SENATE

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COMMITTEE REPORT NO. 432

Submitted by the Committee on Public Services on JAN 26 2016

RE : P.S. RES. 996, taking into consideration the
privilege speech delivered by Sen. Ejercito last June 10, 2015

Recommending the adoption of the recommendations incorporated
therewith.

Sponsor : Sen. Joseph Victor Ejercito

MR. PRESIDENT:

The Senate Committee on Public Services to which was referred Proposed Senate
Resolution No. 996, introduced by Sen. Ejercito, *entitled:*

**"RESOLUTION
URGING THE PROPER SENATE COMMITTEE
TO CONDUCT AN INQUIRY, IN AID OF
LEGISLATION, ON THE VIABILITY OF
REHABILITATING AND MODERNIZING THE
PHILIPPINE NATIONAL RAILWAYS FOR THE
PURPOSE OF CONSIDERING RADICAL
TRANSFORMATION AS A TREAD TO CURTAIL
CONGESTION."**

Taking into consideration the privilege speech delivered by Sen. Ejercito last June
10, 2015 entitled:

**"TUWID AT MAAYOS NA RILES NG TREN AND
DAAN SA KAGINHAWAAN."**

In the exercise of its continuing mandate under the Rules of inquiry, in aid of
legislation, have considered the same and have the honor to submit its report in
connection with future legislation or in the review or formulation of future policy,
the Committee respectfully submits the following:

I PREFATORY STATEMENT

Pursuant to P.S. Resolution No. 996 introduced by Hon. Sen. Joseph Victor Ejercito, the Committee on Public Services conducted an inquiry into the situation of the Philippine National Railways (PNR) in connection with the deteriorating service that could cause the life of the passengers, the congested road situation and the viability of modernizing the same to address its domino effect to the citizens, to the economy and to the country in general.

The Committee held three (3) public hearings on the following dates, to wit: December 16, 2014, March 3, 2015 and June 02, 2015, respectively, which were attended by the General Manager of PNR, Engr. Joseph Allan Dilay and all its executives, the representatives of DOTC, NEDA, Governance Committee for GOCC, PPP, National Luzon Railways Corporation, Advocate for PNR, Center for Commuters and the NGOs for the rehabilitation of PNR.

II ISSUES:

In the said hearings, our long-established beliefs, and perceptions regarding our country's mass transportation system have been confirmed and the hereunder issues arose, *to wit*:

- **The government neglected the Philippine National Railways.** The Philippines is one of among the first countries in Asia to have a railway system, but presently, we are lagging behind compared to our neighboring Asian countries in terms of train efficiency and safety;
- **Insufficiency of the PNR charter.** The PNR has a limited power in order to enforce its right to property, particularly on issue of right of way. In addition, some of the provisions of its charter need amendment in order to adapt present condition.
- **Unable to meet the standards for its operation and management due to lack of funds.** PNR's insufficiency of funds has compromises its sustainability as well as safety and security of passengers. This pertains to its fully manual operation and unenclosed railway tracks.

- **Lack of specific penal laws that impose stiffer penalty to cover crimes involving train implements that could endanger persons.** The train is vulnerable to derailment due to loss of its spare parts despite of its cheap value. At present, aside from crimes involving destruction provided under the revised penal code, Article 330 or crime involving damage and obstruction to means of communication has an imposable penalty of prision correccional to prision mayor.
- **Poor Foreign Direct Investment due to high transportation cost.** This Administration boasts of economic gain, but apparently it did not increase the Foreign Direct Investments in the country;
- **Inappropriate solution to problems.** The dole-out project of the Aquino government through CCT will not address the problem of poverty as it will only worsen the poverty situation by teaching our people to be dependent on the government;
- **Identification of priorities.** The issue of corruption is just secondary if the government will not prioritize the problems in our transport system; the route to a vibrant and progressive economy is by prioritizing the infrastructure of railways thereby having an efficient railway transport system. Many of the transportation experts from around the world have attested that the determinant of a progressive country is mirrored on the efficiency of the public transport system.

III FINDINGS:

- The Committee, in the process of its inquiry was informed that the modernization and rehabilitation of the PNR is not the priority of the Aquino government. Based on the deliberation in the 2015 General Appropriation Act, PNR requested a budgetary allocation of eleven (11) billion to finance the modernization of the PNR and its facilities. However, the Aquino government slashed the amount and gave the agency two (2) billion two (2) hundred million pesos only (2.2B).

- Number of issues have been identified concerning the condition of the PNR commuter tracks, to wit: (1) the illegal settlement; (2) illegal encroachment and activities along the side of the tracks; (3) tracks in between stations are not guarded; and (4) theft and vandalism in collusion with unscrupulous junkshops. It found out that the PNR is not capable to fence their entire tracks due to financial constraints.
- Moreover, the PNR, under its charter, is not empowered to fully implement its right over their right of ways. It was also found out that the assistance of the Local Government and/or the DILG through the PNP is much needed for clearing the tracks from informal settlers. This can be done by imposing penalty for those LGUs who will not comply and providing reward for those who do.
- Given as an example or that who made the best practices towards clearing the PNR's right of way is the city of Makati. In the said city, the local government gave informal settlers housing units in an out of city relocation site and they were also given a yellow card to be able to avail the city's benefits like, medical assistance, educational assistance and so on. These yellow cards were given to awardees despite their residency outside the city.
- As regards to the issue of theft/robbery of railway implements, the existing governing law is merely provisions of the revised penal code. It was discovered that there is no specific law that penalizes robbery of railway implement, considering the fact that even small part of railway tracks could put the life of passengers in danger.
- While other countries have their bullet and high speed trains, the Philippines is saddled with second-hand trains discarded by our Asian neighbors. In addition to that, the PNR is found out to be still using and will still use 18th century narrow gauges track.
- With more than twelve million (12 M) population in Metro Manila, only seventy (70) thousand passengers could be accommodated by the railway transport making the life of our daily wage earners, workers and students more troublesome, cumbersome and exasperating;

- The problem of the PNR stems from the government's lack of Comprehensive Master Plan for railway transport system. This can be concluded from the fact that most of our past and current administration prioritize construction of roads rather than railway tracks.

IV DISCUSSION ON THE ISSUES AND FINDINGS:

With the modernization of our Railway Transport System, the following would be contributory to the progress of the economy:

- **Foreign direct investment will definitely pour in our country.**

According to the *World Economic Forum 2014 Global Competitiveness Report*, a country's lack of infrastructure is second to the list of the problems of investors. The condition of public infrastructure, which includes the railway system, is one of the primary considerations of foreign investors. This is probably the reason why the Philippines' FDI remains stagnant compared to other ASEAN nations.

With the establishment of the modern rail transport system, other foreign investors would pour in their capital in the Philippines.

- **Cost of transportation of Agricultural product will reduce, which will translate to lower prices of goods and other products.**

The Philippines is an agricultural country that would need an efficient and effective railway system in order to transport agricultural products without delay from the farm to the market.

Railways would be a cheap mode of transportation to transfer goods from the farm to the market that would lead to the low prices of agricultural commodities;

- **It will create employment for our countrymen.**

The rehabilitation per se of our railways would generate jobs for the Filipino workers and professionals. By way of cash-for-work, many of our poor citizens will be given employment. This will not only address the problem of scarcity of infrastructures but will also resolve the problem of unemployment;

- **The modernization of train and railway system will lead to lower cost of living not only in Metro Manila but also in the different urban centers of our country.**

With the modern railway transport, the citizen will be able to work and to travel to and from Manila and the neighboring provinces.

- **Our problem with port congestion will be dramatically reduced.**

Even if the products came from other ports of the Philippines or from other countries, the transport of these products from the ports to the warehouses would be easier. The recent port congestion had caused the economy seventy billion pesos (P70-B).

- **The worsening traffic congestion in Metro Manila and other key cities will be finally reduced.**

With the efficient transport, the citizens would be encouraged to ride the railway system instead of driving their own vehicles that would eventually decongest the traffic.

The inter-connection of railways from Metro Manila to nearby provinces would ease the traffic bottleneck.

- **The over-concentration of jobs and livelihood will no longer exist in Metro Manila.**

Through the modernization of our railway system, business opportunities will thrive that will spur economic development all over the country.

- **An efficient, reliable, cost-effective, environment-friendly and modern railway system is the backbone of the economy of many developed and developing countries in the world.**

V RECOMMENDATIONS:

A. EXECUTIVE ACTION NEEDED

- a. Establish an efficient and modern Integrated Railway System Plan, that would prioritize the modernization of our railway system, for only through modernization and full rehabilitation of our railway system will we enable our**

country to take a quantum leap towards development and freedom from poverty.

- b. Provide adequate fund for the operational expenses of the Philippine National Railways

B. LEGISLATIVE ACTION NEEDED

- a. Pass Senate Bill No. 2690 or the Philippine National Railways Modernization Act.
- b. Enact a law defining the crime of Robbery of train implements as heinous crime.

Respectfully submitted:



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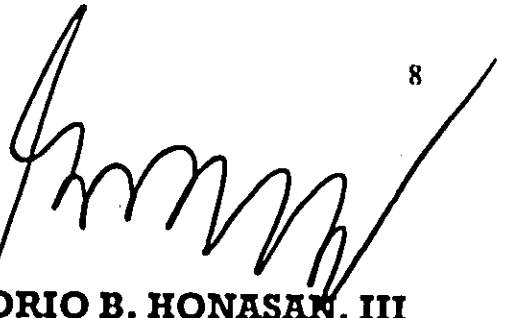
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