

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

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SENATE
S. No. 1850

RECEIVED BY: Ally

Introduced by **Senator Richard J. Gordon**

EXPLANATORY NOTE

It is essential to facilitate transportation for both people and goods within the three major islands of the country to ensure the *growth and development* of the Philippine economy. An adequate and efficient national railway system will successfully provide this means of transportation.

Building a national railway system is a big challenge and an ambitious project, the magnitude of which poses many unanswered questions regarding logistics, but every sensible Filipino citizen should desire its completion. To invest money and time in the railway would be risky beyond anything ever before attempted, but when, and if, it is completed, it would link the country, forever changing the nature of the nation's politics and economy, while bringing great profits to the people who build and own the railway and develop collateral properties along its tracks.

Essential railway transportation in the Philippines is supposed to be operated over railroad properties which were acquired for public use, but which have been permitted to deteriorate, thus requiring extensive rehabilitation and modernization. There is a need to revive railway transportation in the country as it offers economic and environmental advantages with respect to land use, air pollution, noise levels, energy efficiency and conservation, resource allocation, safety, and cost to such extent that the development of adequate and efficient railway transportation is of national interest.

This bill proposes to lay the foundation that will spur the necessary reforms in railway transportation by a new institutional structure and regulatory framework. These reforms will foster a climate that encourages more local government and private sector participation in the development of a national railway transportation system. One of the key reforms that this bill calls for is to raise funds through the issuance of bonds, hence, encouraging the active participation of the people to build the railway.

Though there are individual citizens whose interests might be temporarily affected by the construction of the railway system, it is of paramount importance that our citizens make way for the short-term inconvenience brought about by its construction for the sake of the long-term gain of devolving development from the urban centers to the rural communities.


RICHARD J. GORDON
Senator

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AN ACT CONSOLIDATING THE PHILIPPINE NATIONAL RAILWAYS AND THE LIGHT RAIL TRANSIT AUTHORITY INTO THE NATIONAL RAILWAY AUTHORITY TO INTEGRATE AND REVITALIZE RAILWAY TRANSPORTATION IN THE PHILIPPINES, AUTHORIZING THE ISSUANCE OF BONDS THEREFOR TO BUILD AN ADEQUATE AND EFFICIENT NATIONAL RAILWAY TRANSPORTATION SYSTEM, AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. *Short Title.* – This Act shall be known as the “National Railway Act.”

2 Sec. 2. *Policy.* – It is hereby declared to be the policy of the State to promote and
3 develop a national railway transportation system that will provide and maintain an adequate
4 and efficient railway transportation to the people for the social and economic development
5 of the Philippines.

6 Sec. 3. *Purposes.* – This Act shall have the following purposes:

7 (1) To consolidate the Philippine National Railways and Light Rail Transit Authority
8 into the National Railway Authority;

9 (2) To integrate and revitalize railway transportation in the Philippines in order to
10 provide energy-efficient, ecologically compatible railway transportation with greater
11 efficiency, effectiveness and economy;

12 (3) To provide the means to rehabilitate and maintain the physical facilities, improve
13 the operation and structure, and restore the financial stability of railway transportation in the
14 Philippines through greater local government and private sector participation; and

15 (4) To provide an adequate and efficient national railway transportation system to
16 meet the needs and service requirements of the people.

17 Sec. 4. *National Railway Authority.* – There is hereby created a corporate body to be
18 known as the National Railway Authority, which shall be primarily responsible for the

1 integration, revitalization, planning, prioritization, development and regulation of railway
2 transportation in the Philippines.

3 *Sec. 5. Powers and Functions.* – The National Railway Authority shall have the
4 following powers and functions:

5 (1) To formulate, adopt and implement a comprehensive development plan for a
6 national railway system;

7 (2) To promote and encourage the participation of the local government and the
8 private sector in the development and implementation of a comprehensive development
9 plan for a national railway system;

10 (3) To develop, construct, operate and maintain by itself or by delegation to another
11 railway facilities, including but not limited to stations, terminals and warehouses;

12 (4) To prescribe, fix and regulate the schedule, frequency, routing and pricing of
13 railway transportation fees and other service fees;

14 (5) To enter into any obligation, assign or accept the assignment of, and rescind any
15 agreement or contract;

16 (6) To contract loans, indebtedness and credit accommodations, in any local or
17 convertible foreign currency, from any international financial institution, foreign government
18 entities and foreign or local private commercial banks or similar institutions under terms and
19 conditions prescribed by law;

20 (7) To issue commercial papers and bonds;

21 (8) To exercise the powers set out in the Corporation Code;

22 (9) To invest its funds and other assets;

23 (10) To enter into management contracts;

24 (11) To create Executive Committees;

25 (12) To construct, own, lease, operate and maintain by itself or by delegation to
26 another public utilities and infrastructure facilities and such auxiliary support services
27 needed for a national railway transportation system;

28 (13) To design, construct, operate and maintain by itself or by delegation to another
29 through contract such auxiliary infrastructure support facilities as, but not limited to, parking
30 structures above or below ground, including the means of access;

31 (14) To receive donations, grants, bequests and assistance of all kinds and to utilize
32 the same;

33 (15) To exercise the right of eminent domain;

1 (16) To form, establish, organize and maintain subsidiary corporations or joint
2 ventures to encourage local government and private sector participation in the development
3 of the national railway transportation system;

4 (17) To encourage private investment in the railway and privatize any part or all of
5 the national railway transportation system in accordance with law; and

6 (18) To promulgate rules and regulations and perform such other powers and
7 functions as may be necessary, appropriate or incidental to this Act.

8 Sec. 6. *Comprehensive Study and Survey.* – The National Railway Authority shall
9 undertake a comprehensive study and survey of the rehabilitation and construction of
10 railway lines in the Philippines to provide an adequate and efficient national railway
11 transportation system.

12 Sec. 7. *Right of Way.* – The right of way through the lands where the railway lines
13 shall pass based on the comprehensive study and survey shall be granted to the National
14 Railway Authority for the construction of the national railway system. The right to acquire
15 the lands adjacent to the railway lines shall also granted to the National Railway Authority,
16 including but not limited to the necessary areas for stations, terminals, warehouses, parking
17 structures and other facilities. The National Railway Authority, together with the assistance
18 and cooperation of other national and local government units, shall promptly remove all
19 squatters, nuisances and obstructions in the national railway system. To aid in the
20 construction of the railway and secure the safe and speedy transportation of people and
21 goods, alternate sections of land on each side of the railway on the line thereof shall also be
22 secured.

23 Sec. 8. *Tax Exemption.* – All properties, whether real or personal, actually, directly,
24 and exclusively used in the national railway transportation system shall be exempt from
25 taxation for a period of ten (10) years from the effectivity of this Act.

26 Sec. 9. *Board of Directors.* – The Board of Directors shall be composed of seven (7)
27 members to be appointed by the President to serve for a term of six (6) years, to wit:

28 (1) One (1) representative from the Department of Transportation and
29 Communications;

30 (2) One (1) representative from the Department of Finance;

31 (3) One (1) representative from the Department of Interior and Local Government;

32 (4) One (1) representative from the National Economic Development Authority; and

1 (5) Three (3) representatives from the private sector who shall be Filipino citizens, of
2 good moral character, and of proven competence in transport planning, engineering,
3 management and economics, finance, law, public utility or other transport related fields.

4 *Sec. 10. Powers and Functions of the Board of Directors.* – All powers and functions
5 of the National Railway Authority shall be vested in and exercised by a Board of Directors.
6 The Board of Directors shall also have the following powers and functions:

7 (1) To formulate the comprehensive development plan, policies and programs of the
8 National Railway Authority;

9 (2) To direct the management, operation and administration of the National Railway
10 Authority;

11 (3) To create offices or positions necessary for the effective and efficient operation of
12 the National Railway Authority, to appoint subordinate officers and personnel of the National
13 Railway Authority and fix their remuneration and other emoluments, and to remove or
14 otherwise discipline such officers and personnel;

15 (4) To establish performance targets as basis for evaluating and monitoring
16 performance;

17 (5) To authorize expenditures as are in the interest of the effective and efficient
18 operation of the National Railway Authority; and

19 (6) To exercise such other powers as may be necessary to accomplish the purposes
20 for which the National Railway Authority was organized.

21 *Sec. 11. President and General Manager.* – The National Railway Authority shall be
22 headed by a President and General Manager who shall be primarily responsible for carrying
23 out the comprehensive development plan of the National Railway Authority and the policies
24 and programs of the Board of Directors. The President and General Manager shall be a
25 Filipino citizen, of good moral character, a person of proven competence and leadership
26 capability, and possessed with at least ten (10) years experience and background in
27 management or public administration from a reputable institution. The President and
28 General Manager shall be appointed by the President and shall have a term of six (6) years.

29 *Sec. 12. Duties and Responsibilities of the President and General Manager.* – The
30 President and General Manager of the National Railway Authority shall have the following
31 duties and responsibilities:

32 (1) To execute, administer and implement the comprehensive development plan,
33 policies and programs of the Board of Directors;

1 (2) To direct and supervise the operations and administration of the National Railway
2 Authority;

3 (3) To direct and supervise the preparation of the agenda for the meetings of the
4 Board of Directors, and to submit for the consideration of the Board of Directors such
5 measures as may be necessary to carry out the purposes of this Act;

6 (4) To represent the National Railway Authority in all its dealings; and

7 (5) To exercise such other powers and functions as the Board of Directors may
8 assign or authorize.

9 Sec. 13. *Consolidation of the Philippine National Railways and the Light Rail Transit*
10 *Authority into the National Railway Authority.* – The Philippine National Railways and the
11 Light Rail Transit Authority are hereby consolidated into the National Railway Authority. The
12 National Railway Authority shall possess all the rights, privileges, immunities and franchises
13 of the Philippine National Railways and the Light Rail Transit Authority; and all property, real
14 or personal, and all receivables due on whatever account, including subscriptions to shares
15 and other choses in action, and all and every other interest of, or belonging to, or due to the
16 Philippine National Railways and the Light Rail Transit Authority, shall be deemed
17 transferred to and vested in the National Railway Authority. The National Railway Authority
18 shall be responsible for all the liabilities and obligations of the Philippine National Railways
19 and the Light Rail Transit Authority in the same manner as if it had itself incurred such
20 liabilities or obligations; and any pending claim, action or proceeding brought by or against
21 any of the Philippine National Railways and the Light Rail Transit Authority may be
22 prosecuted by or against the National Railway Authority. The rights of creditors or liens
23 upon the property of any of the Philippine National Railways and the Light Rail Transit
24 Authority shall not be impaired by the consolidation.

25 Sec. 14. *Subsidiaries.* – The National Railway Authority shall have the power to form,
26 establish, organize and maintain subsidiaries to implement the provisions of this Act. Such
27 subsidiaries shall be formed in accordance with Philippine law.

28 Sec. 15. *Bonds.* – The National Railway Authority is authorized to issue bonds,
29 which bonds may be sold to obtain funds to build the national railway system. Such bonds
30 shall be in such forms and denominations, shall mature within such periods of not more than
31 fifty (50) years from the date of their issue, may be redeemable at the option of the National
32 Railway Authority before maturity in such manner as may be stipulated therein, and shall be

1 subject to such terms and conditions, issued in such manner and amount, and sold at such
2 prices as may be prescribed by the National Railway Authority.

3 Sec. 16. *Injunction and Restraining Order.* – The implementation of the provisions of
4 this Act is of national interest and shall not be restrained or enjoined except by an order
5 issued by the Supreme Court of the Philippines.

6 Sec. 17. *No Strike.* – Railway transportation is an indispensable service of national
7 interest and employees engaged in its operation shall not have the right strike.

8 Sec. 18. *Appropriation.* – The amount of one hundred million pesos
9 (PhP100,000,000) or such amount as may be necessary to carry out the purposes of this
10 Act is hereby authorized to be appropriated.

11 Sec. 19. *Transitory Provision.* – The consolidation of the Philippine National
12 Railways and the Light Rail Transit Authority into the National Railway Authority shall be
13 undertaken immediately and completed within three (3) months from the effectivity of this
14 Act.

15 All employees of the Philippine National Railways and the Light Rail Transit Authority
16 who voluntarily retire or are separated from the service and whose retirement or separation
17 has been approved shall be paid retirement or separation benefits and other entitlements
18 granted under existing laws.

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

22 Sec. 21. *Separability Clause.* – If any portion or provision of this Act is declared
23 unconstitutional, the remainder of this Act or any provisions not affected thereby shall
24 remain in force and effect.

25 Sec. 22. *Effectivity.* – This Act shall take effect after fifteen (15) days following the
26 completion of its publication either in the Official Gazette or in a newspaper of general
27 circulation in the Philippines.

28 Approved,