

**NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
First Regular Session



)
)
) '22 JUL 14 P1:55

SENATE

RECEIVED BY: _____

Senate Bill No. 604

Introduced by Senator Juan Miguel F. Zubiri

**AN ACT
CREATING THE MINDANAO RAILWAYS AUTHORITY (MRA),
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4156
ENTITLED "AN ACT CREATING THE PHILIPPINE NATIONAL
RAILWAYS, PRESCRIBING ITS POWERS, FUNCTIONS AND
DUTIES, AND PROVIDING FOR THE NECESSARY FUNDS FOR ITS
OPERATION" AS AMENDED BY R. A. NO. 6366, APPROPRIATING
FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

This Bill seeks to implement the Mindanao Railways Project through the creation of a national government agency attached to the Office of the President. This agency is to be distinct and separate from the Philippine National Railways whose scope and coverage, as provided in Republic Act No. 4156, is proposed to be amended.

The Philippines, overall, is currently ranked as one of the countries with an Emerging Economy. However, the internal development of the archipelago has yet to be closely and critically assessed. The Philippines still needs to meet the distinct needs of different regions that lag behind the country's overall economic outlook in terms of infrastructural development, integration, and access to fundamental services.

Mindanao is a resource-rich geographical region of around 97,630 square kilometers. However, this is an area that greatly suffers from a lack of focused inputs of public investments. This region that is comprised of mainly rural areas and a few urban and urbanizing areas are physically hard to access from one point to another, which loses the benefits of market and public services integration existing in other geographic regions like Central Luzon and Mega Manila.

The Constitution mandates in Section 21, Art. II Declaration of Principles and State Policies that the State shall promote comprehensive rural development. The Constitution also guarantees the basic human right to travel. In fact, Republic Act No. 4156 had set aside funds for the implementation of the Mindanao Railways Project, highlighting that these mandates are still present in the economic plans of the country.

In 2017, the National Economic and Development Authority (NEDA) has initiated a Feasibility Study, crucial for the implementation of this Act. The Terms of Reference of the NEDA for the MRP declares, as follows:

"The proposed railway transport service will play a major role towards improvement of Mindanao's intra island accessibility, linkages and seamless multimodal transport networks. The island is strategically located and has potential as a major transshipment point and center of trade in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) region.

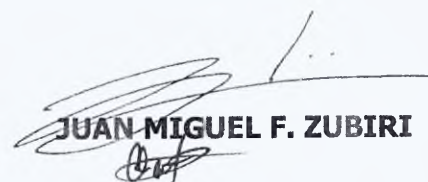
Enhanced interconnectivity and linkages through passenger and freight railway transport development will further boost tourism, trade and commerce in the island; bring opportunities for the acceleration of local area development; and expansion of local markets for more efficient movement of goods and people to promote productivity and trade competitiveness."

Not diminishing the importance of the economic and material benefits that the railway system in Mindanao will bring about, the most compelling reason for it is the upliftment of the living conditions of more than 25 million people (2018). A well-planned economic development scheme will realize the peace, stability, and security of the people living in Mindanao. The development of the necessary infrastructures will give the development scheme the impetus needed. This can be realized through the enactment of the Mindanao Railways Project to be established and managed by its own Mindanao Railways Authority.

The Authority to be established shall be covered by measures that strictly ensure transparency and public accountability. This body will be under the lens of the Commission on Audit and undergo the monitoring tools of the NEDA such as Value Engineering and Value Analysis. Likewise, the funding provisions shall be guided by the laws that govern the borrowing power of the President at the same time that it mandates the Department of Budget and Management to ensure that funding requirements overcome the hurdles as generally expected for critical infrastructure programs and projects.

The current status consists of ongoing right-of-way acquisition, finalizing financial cover and selection of qualified bidders for the design and build project of the 102-kilometer railways system. The first segment to be constructed is the Tagum-Davao-Digos segment that will be a single-track with options for future expansion. Ridership is projected to reach 134,060 by end 2022; 237,023 by 2032; and, 375,134 by 2042. The MRP-TDD segment is expected to cost Thirty-Five Billion Nine Hundred Ten Million Pesos (P35.91 Billion), while the MRP is projected to cost Eighty-Two Billion Pesos (P82 Billion). The Mindanao Railways Project will be among many critical infrastructures that will impress upon the broader community that our archipelago is one that is integrated physically, thus Filipinos have a high chance of being a truly united country.

In view of the foregoing, approval of this Bill is earnestly sought.


JUAN MIGUEL F. ZUBIRI



'22 JUL 14 P1:55

SENATE

RECEIVED BY: 

Senate Bill No. 604

Introduced by Senator Juan Miguel F. Zubiri

**AN ACT CREATING THE MINDANAO RAILWAYS AUTHORITY (MRA),
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 4156 ENTITLED "AN ACT CREATING THE
PHILIPPINE NATIONAL RAILWAYS, PRESCRIBING ITS POWERS,
FUNCTIONS AND DUTIES, AND PROVIDING FOR THE NECESSARY FUNDS
FOR ITS OPERATION" AS AMENDED BY R. A. NO. 6366, APPROPRIATING
FUNDS THEREFOR, AND FOR OTHER PURPOSES**

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

CHAPTER I

TITLE, POLICY AND OBJECTIVES

SECTION 1. Short Title. -- This Act shall be known as the "Mindanao Railways Development Act of 2022."

SEC. 2. Declaration of Policy. -- It is hereby declared the policy of the State to attain inclusive growth and reduce poverty through infrastructure development aiming to improve the sectoral performance of tourism, agriculture and industries; improve goods and services; improve the quality of the environment; and increase resilience to climate change and natural disasters, through the establishment of a sustainable transport system that is safe, efficient, and competitive.

Further, in order to promote comprehensive rural development and assure the human right to travel in Mindanao, the State shall (1) create a national government agency to achieve its development goals; and (2) provide appropriations for the construction, operation

1 and maintenance of the railways system and the operative budget of the national
2 government agency to be created under this Act.

3 **SEC. 3. *Creation and Objectives.*** -- There shall be created the Mindanao Railways
4 Authority, hereinafter called the Authority, which is a national government agency attached
5 to the Office of the President, with the following immediate objectives:

6 a) To provide for the railways system in Mindanao connecting as vast an area as
7 deemed feasible in consideration of the Mindanao Railways Project (MRP) as mandated under
8 the Philippine National Railways Charter or Republic Act No. 4156, and, the MRP Feasibility
9 Study as an undertaking of the National Economic and Development Authority (NEDA) as
10 Executing Agency and the Department of Transportation and Communication (DOTC) as
11 Implementing Agency and funded under the General Appropriations Act of FY 2014;

12 b) To initiate the provisions of An Act Facilitating The Acquisition Of Right-Of-Way Site
13 Or Location For National Government Infrastructure Projects or R. A. No. 10752 upon
14 effectivity of this Act; and

15 c) To call upon all concerned National Government Agencies and Local Government
16 Units to render technical and administrative support for the implementation of the provisions
17 of this Act.

18 **CHAPTER II**

19 **NATURE, SPECIFIC AND GENERAL POWERS**

20 **SEC. 4. *Name and Domicile.*** -- To carry out the foregoing transportation policy, the
21 Mindanao Railways Authority, shall be primarily responsible for the construction, operation
22 and maintenance of a railways transportation system in Mindanao. It shall have its main
23 office in the City of Davao, and shall have such branches and agencies within or outside the
24 Philippines as may be necessary for the proper conduct of its business.

25 **SEC. 5. *Purposes and Specific Powers.***—The Mindanao Railways Authority shall
26 have the following purposes and specific powers:

1 a) To hold the assets of the Philippine National Railways, and to succeed to, or
2 acquire, maintain and operate such grants, concessions and franchises as are now held and
3 enjoyed by the PNR but limited only to those located in Mindanao among the
4 aforementioned;

5 b) To own or operate railroads, tramways, and other kinds of land transportation,
6 vessels and pipelines, for the purpose of transporting, for consideration, passengers, mail and
7 property between any points in Mindanao; and

8 c) As an auxiliary to its main purpose, to own and/or operate powerhouses, hotels,
9 restaurants, terminals and warehouses; to manufacture rolling stock, equipment, tools and
10 other appliances; and, to construct and operate toll viaducts and toll tunnels, in connection
11 with its railroad lines.

12 **SEC. 6. General Powers.**—The Authority shall have the following general powers:

13 a) To have continuous succession under its corporate name, until otherwise provided
14 by law;

15 b) prescribe, amend, and/or repeal its by-laws;

16 c) To adopt and use a seal and alter it at its pleasure;

17 d) To sue and be sued;

18 e) To contract any obligation or enter into, assign or accept the assignment of, and
19 vary or rescind any agreement, contract or obligation necessary or incidental to the proper
20 management of the Authority;

21 f) To borrow funds from any source, private or public, foreign or domestic, and to
22 issue bonds and other evidence of indebtedness, the payment of which shall be guaranteed
23 by the National Government, subject to pertinent borrowing laws;

24 g) To acquire, receive, take and hold by bequest, devise, gift, purchase or lease, either
25 absolutely or in trust for any of its purposes, from foreign and domestic sources, any assets,
26 grant or property, real or personal, subject to such limitations as are provided in existing
27 laws; to convey or dispose of such assets, grants, or properties, movable and immovable;

1 and invest and/or reinvest such proceeds and deal with and expand its assets and income in
2 such a manner as will best promote its objectives;

3 h) To improve, develop or alter any property held by it;

4 i) To carry on any business, either alone or in partnership with any other person or
5 persons;

6 j) To employ an agent or contractor or perform such things as the Authority may
7 perform;

8 k) To exercise the right of eminent domain, whenever the Authority deems it
9 necessary for the attainment of its objectives;

10 l) To prescribe rules and regulations in the conduct of its general business as well as
11 to fix and implement the terms and conditions of its related activities;

12 m) To determine the fares payable by persons travelling on the rail system, in
13 consultation with the Department of Transportation and the NEDA;

14 n) To establish, operate, and maintain branches or field offices when required by the
15 exigencies of its business;

16 o) To determine its organizational structure and the number, positions and salaries of
17 its personnel, subject to pertinent organization and compensation law; and

18 p) To exercise such powers and perform such duties as may be necessary to carry out
19 the business and purposes for which the Authority was established or which, from time to
20 time, may be declared by the Board of Directors to be necessary, useful, incidental or
21 auxiliary to accomplish such purposes; and generally, to exercise all powers of any Authority
22 under the Corporation Law that are not inconsistent with the provisions of this Act, or with
23 orders pertaining to government corporate budgeting, organization, borrowing, or
24 compensation.

25

26

27

1 CHAPTER III

2 THE MRA BOARD OF DIRECTORS

3 **Sec. 7. The MRA Board of Directors.** -- To carry out the purposes of this Act, the
4 MRA shall be directed and controlled by a Board of Directors. It shall be composed of the
5 following members:

- 6 a) Secretary of Transportation, as Chairperson;
7 b) MRA Administrator, as Vice-Chairperson;
8 c) Secretary of Finance;
9 d) Secretary of Economic Planning, Director General of the NEDA;
10 e) Secretary of Public Works and Highways; and
11 f) Two representatives from the private sector who shall each be selected from the

12 members of the Philippine Institute of Civil Engineers (PICE) and the Philippine Society of
13 Mechanical Engineers (PSME), to be appointed by the President of the Philippines who shall
14 select from three (3) nominees submitted separately by the PICE and PSME. They shall serve
15 a non-extendible single term of three (3) years.

16 The officials next in rank to, or such officials duly designated by, the regular members
17 shall serve as alternate members, except that, in the absence of the Chairman, the Board
18 shall elect a temporary presiding officer. The alternate members shall attend meetings of the
19 Board and committees assigned to them by their principals and receive the corresponding per
20 diems, whenever their principals are absent or said positions are vacant.

21 **SEC. 8. Per Diem.** -- The members of the Board shall not receive any compensation
22 but shall be provided with *per diem* at rates allowed under existing rules and regulations.

23 **SEC. 9. Powers and Duties of the Board of Directors.**—The Board of Directors
24 shall have the following powers and duties:

- 25 a) To prescribe, amend and repeal, with the approval of the Administrator, the by-
26 laws, rules and regulations governing the manner in which the general business of the

1 Authority may be exercised, including provisions for the formation of such committee, or
2 committees as the Board of Directors may deem necessary to facilitate its business;

3 b) To appoint and fix the compensation of the Administrator and of the other officers
4 of the Authority, with the approval of the President and the Director General of NEDA. The
5 Board by a majority vote of all the members, may, for cause, and with the approval of the
6 President of the Philippines, suspend and or remove the Administrator; and

7 c) To approve the annual and such supplemental budgets of the Authority which may
8 be submitted to it by the Administrator from time to time.

9 **SEC. 10. *Suspension and Removal of Directors.*** -- Any member of the Board of
10 Directors may be suspended or removed by the President of the Philippines.

11 **SEC. 11. *Prohibition for Board Members.*** -- No chairman or member of the Board
12 of Directors shall at the same time serve in the Authority in any capacity whatsoever other
13 than as Chairman or member thereof, unless otherwise authorized by the President of the
14 Philippines or any existing law.

15 **CHAPTER IV**

16 **THE ADMINISTRATOR**

17 **SEC. 12. *The Administrator.*** -- The management of the Authority shall be vested in
18 the Administrator.

19 **SEC. 13. *Powers and Duties of the Administrator.*** -- The Administrator shall
20 have the following powers and duties:

21 a) To direct and manage the affairs and business of the Authority on behalf of the
22 Board of Directors, and subject to its control and supervision;

23 b) To sit in all meetings of the Board of Directors, as Vice-Chairman, and participate in
24 its deliberation, with the right to vote, and to preside any meetings for or in the absence of
25 the Chairman;

1 c) To submit within sixty days after the close of each fiscal year an annual report,
2 through the Board of Directors, to the Office of the President of the Philippines and the
3 Congress of the Philippines;

4 d) To appoint and fix the number and salaries, with the approval of the Board of
5 Directors, of such subordinate personnel as may be necessary for the proper discharge of the
6 duties and functions of the Authority, and with the approval of the Board of Directors, to
7 remove, suspend, or otherwise discipline, for cause, any subordinate employee of the
8 Authority; and

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

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

15 **CHAPTER V**

16 **MANDATED APPROPRIATIONS**

17 **SEC. 15. *Appropriation*** To carry out the purposes of this Act , the amount of One
18 billion pesos (P1,000,000,000) is hereby authorized to be appropriated for the initial
19 operation of the Mindanao Railway Authority. Thereafter, the annual expenditures including
20 capital outlays of the Authority shall be provided in the General Appropriations Act.

22 **CHAPTER VI**

23 **TAXES, DUTIES AND CHARGES**

24 **SEC. 17. *Exemption from taxes, duties, customs bonds and port charges.***—
25 The Authority is hereby exempt from payment of all national and local taxes upon its capital,
26 franchises, rights of way, earnings, and all other property owned or operated by it and of all
27 duties on all railways materials, supplies and equipment imported into the Philippines for and

1 by the Authority. This exemption shall extend to port charges upon vessels whose entire
2 cargo consists of materials for the construction or equipment of the Authority, and, on other
3 vessels to such proportion of the prescribed port charges as the tonnage of materials for
4 such constructions or equipment may bear to the tonnage of the entire cargo of the vessel;
5 and such exemption shall further extend to the filing of general importer's and general
6 documentary bonds and warehouse bonds for the operation of its warehouses, whether
7 general bonded warehouses or general order store.

8 **SEC. 18. *Tax-exempt loans.*** -- The project and program loans to be obtained by
9 the National Government for the purposes of this Act shall be exempt from the payment of all
10 national and local taxes.

11 **CHAPTER VII**

12 **AUDIT AND REPORTS**

13 **SEC. 19. *Audit Personnel and Reports.*** -- The Authority shall be subject to the
14 Commission on Audit (COA) which shall have the power, authority, and duty to examine,
15 audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or
16 uses of funds and property of the Authority.

17 *a) Personnel.* -- The Chairman of the COA shall appoint a representative who shall be
18 the Auditor of the Authority, and the necessary personnel to assist said representative in the
19 performance of such duties. The number and salaries of the Auditor and said personnel shall
20 be determined by the COA Chairman, subject to appropriation by the Board of Directors. In
21 case of disagreement, the matter shall be submitted to the President of the Philippines whose
22 decision shall be final. Said salaries and all other expenses of maintaining the Auditor's office
23 shall be paid by the Authority.

24 *b) Report.* -- The financial transactions of the Authority shall be audited in accordance
25 with law, administrative regulations, and the principles and procedures applicable to
26 commercial corporate transactions. A report of audit for each fiscal year, by the
27 representative of the COA Chairman, through the latter, to the Board of Directors of the

1 Authority, and copies thereof shall be furnished the President of the Philippines, the Secretary
2 of Economic Planning, the Senate President and the Speaker of the House of
3 Representatives. The report shall set forth the scope of the audit and shall include a
4 statement of assets and liabilities, capital and surplus or deficit; a statement and surplus or
5 deficit analysis; statement of income and expenses; a statement of sources and application of
6 funds; and such comments and information as may be necessary, together with such
7 recommendations with respect thereto as may be advisable, including a report of any
8 impairment of capital noted in the audit. The report shall also show specifically any program,
9 expenditures, or other financial transaction or undertaking observed in the course of audit,
10 which in the opinion of the Auditor, has been carried out or made without authority of law.

11 **SEC. 20. Legal Department.** -- The Authority shall have its own legal department,
12 the chief and members of which shall be appointed by the Administrator with the approval of
13 the Board of Directors.

14 **SEC. 21. Exemption from the LTFRB Law.** -- The Authority shall not be subject to
15 the authority, supervision and control of the Land Transportation Franchising and Regulatory
16 Board (LTFRB), created under Executive Order No. 202, Series of 1987.

17 **SEC. 22. Strikes during national emergency.** -- The provisions of law to the
18 contrary notwithstanding, in cases of national emergency, or when in the opinion of the
19 President of the Philippines, the national security or interest is in imminent danger,
20 employees and laborers of the Authority shall not strike for the purpose of securing changes
21 or modification in their terms and conditions of employment during said period of emergency.
22 *Provided, however,* That during the implementation of this Act, management and labor
23 should always strive to maintain industrial peace by availing of and exhausting all methods of
24 resolving all labor disputes to ensure the continuous, effective and successful establishment
25 of the Mindanao Railways: *Provided, further,* That the Authority may enter into collective
26 bargaining agreements, one for personnel of supervisory rank and the other for personnel of

1 non-supervisory rank regardless of the number of recognized unions which may be or might
2 have been organized therein.

3 **SEC. 19. *Applicability of the Corporation Law.*** -- The provisions of the
4 Corporation Law which are not inconsistent with the provisions of this Act, shall be applicable
5 to the Authority.

6 **SEC. 21. *Implementing Rules and Regulations.*** --The Department of
7 Transportation, in consultation with concerned government agencies and stakeholders, shall
8 promulgate the implementing rules and regulations of this Act, within sixty (60) days from
9 the effectivity of this Act.

10 **SEC. 22. *Congressional Oversight*** – The Congressional Oversight Committee on
11 Economic Affairs shall exercise oversight on the implementation of this Act.

12 **SEC. 23. *Separability Clause.*** -- If any portion of this Act is declared
13 unconstitutional or invalid, the portions or provisions which are not affected shall continue to
14 be in full force and effect.

15 **SEC. 24. *Repealing Clause.*** -- All laws, decrees, executive orders and rules and
16 regulations or parts thereof which are inconsistent with this Act are hereby repealed or
17 modified accordingly.

18 **SEC. 25. *Effectivity.*** -- *This Act shall take effect fifteen (15) days after its complete*
19 *publication in at least two (2) newspapers of general circulation and the Official Gazette.*

20 Approved,
21