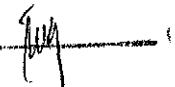


FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

}
} 7 JUN 30 P3 1959
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SENATE

RECEIVED BY: 

S. B. No. 217

Introduced by SENATOR EDGARDO J. ANGARA

EXPLANATORY NOTE

Mainland Mindanao is the second biggest island in the country, next only to mainland Luzon. It is also very rich in natural, mineral and aquatic resources, making it the land of hope or the land of promise.

This bill seeks to establish the Mindanao Railways Corporation. This corporation will provide the railroad and the transportation system sorely needed by the island. The railroad, which will crisscross Mindanao, will benefit the whole island's populace. It will accelerate economic activity, immensely benefiting the traders and businessmen.

The railroad will also hopefully connect the major urban centers and provincial capitals such as Davao City, Iligan, Cagayan de Oro, Zamboanga City, Cotabato City, Marawi, Pagadian, Dipolog, etc. Many of these urban centers are booming. The railway will certainly increase considerably the mobility of the population.

Mindanao has long been a neglected area, and this had caused unrest, resentment, even rebellion from some native groups. Its distance from Metro Manila has made it the frontier of the Philippines. The creation of the Mindanao Railways Corporation will be a long way in convincing the Mindanaonons that the national government sincerely cares for them and is willing to exert efforts in bringing projects which will bolster the region's economy.

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


EDGARDO J. ANGARA
Senator

FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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} 7 JUN 30 P3:59

SENATE
S. B. No. 217

RECEIVED BY: [Signature]

Introduced by SENATOR EDGARDO J. ANGARA

**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 House of Representatives of the
Philippines in
Congress assembled:*

1 **SECTION 1. *Name, Duration and Domicile.*** - A corporation to
2 serve as the instrumentality of the Government of the Philippines in
3 providing a railroad and the transportation system for the whole island of
4 Mindanao is hereby created, to be known as the Mindanao Railways
5 Corporation, and hereafter referred to as the Corporation. The Corporation
6 shall exist for a term of fifty (50) years from the date of the approval of this
7 Act. It shall have its main office in Davao City and shall have such branches
8 and agencies within or outside Mindanao as may be necessary for the proper
9 conduct of its business.

10
11 **SECTION 2. *Purposes and Specific Powers.*** - The Corporation
12 shall have the following purposes and specific Powers:

13 (a) To own or operate railroads, tramways, and other kinds of land
14 transportation, vessels and pipelines, for the purpose of
15 transporting for consideration, passengers, mails and property
16 between any point in Mindanao.

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

23

1 **SECTION 3. *Authorized Capital Stock of the Mindanao***
2 ***Railways Corporation.*** - The Authorized Capital Stock of the Mindanao
3 Railways Corporation shall be One Billion Pesos (P1,000,000,000.00) divided
4 into Ten Million (P10,000,000.00) shares at par value shares of one hundred
5 pesos each (P100.00), which shall be fully subscribed by the Philippine
6 Government, twenty percent (20%) of which or Two Hundred million pesos
7 (P200,000,000.00) shall be initially paid-up and the balance shall be paid
8 from a continuing annual appropriation of not less than two hundred million
9 pesos (P200,000,000.00) which is hereby appropriated out of any funds in the
10 National Treasury not otherwise appropriated. The said amount shall be
11 programmed and released by the Budget Commission in accordance with the
12 schedule of cash requirements to be prepared and submitted by the
13 Mindanao Railways Corporation. Provided, That this continuing annual
14 appropriation of Two Hundred million pesos (P200,000,000.00) and the
15 programming and release thereof shall remain in force until the authorized
16 capital subscribed by the Government shall have been paid in full.

17
18 **SECTION 4. *General Powers.*** - The Corporation shall have the
19 following general powers:

20 (a) to do all such other things and to transact all such business directly
21 or indirectly necessary, incidental or conducive to the attainment of
22 the purpose of the corporation; and

23 (b) Generally, to exercise all powers of a railroad corporation under the
24 Corporation Law

25
26 **SECTION 5. *Board of Directors, Composition and Appointment.***

27 - The corporate powers of the corporation shall be vested in and exercised by
28 a Board of Directors of not more than eleven and not less than five members
29 as may be fixed by the President of the Philippines, consisting of chairman,
30 vice-chairman, and other members appointed by the President of the
31 Philippines with the consent of the Commission on Appointments. The
32 members of the Board need not be stockholders of the Corporation, The first
33 members of the Board shall serve as designated by the President in their
34 appointments for terms of one, two, and three years, respectively, from the
35 date they qualify an assume office; but their successors shall be appointed for
36 terms of three, except that any person chosen to fill a vacancy shall serve

1 only for the unexpired term of the member whom he succeeds. For actual
2 attendance of the meetings, each such members shall receive a per diem of
3 eight hundred pesos (P800.00).

4 The Chairman and all the members of the Board must be residents of
5 Mindanao for at least seven (7) years prior to the appointments.

6
7 **SECTION 6. Powers and Duties of the Board of Directors.** - The
8 Board of Directors shall have the following powers and duties:

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

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

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

22
23 **SECTION 7. Suspension and Removal of Directors.** - Any member
24 of the Board of Directors may, for cause, be suspended or removed by the
25 President of the Philippines.

26
27 **SECTION 8. Prohibition for Board Members.** - No Chairman or
28 member of the Board of Directors of the Corporation shall at the same time
29 serve in the Corporation in any capacity whatsoever other than as Chairman
30 or member thereof, unless otherwise authorized by the President of the
31 Philippines or existing law.

32
33 **SECTION 9. Managing Head.** - The management of the Corporation
34 shall be vested in the General Manager.

1 **SECTION 10 . Powers and Duties of the General Manager.** - The
2 General Manager shall have the following powers and duties:

- 3 (a) To direct and manage the affairs and business of the Corporation
4 on behalf of the Board of Directors, and subject to its control and
5 supervision;
- 6 (b) To sit in all meetings of the Board of Directors, as Vice-chairman,
7 and participates in its deliberations, with the right to vote, and to
8 preside any meetings for or in the absence of the Chairman;
- 9 (c) To submit within sixty (60) days after the close of each fiscal year
10 an annual report, through the Board of Directors, to the office of the
11 President of the Philippines;
- 12 (d) To appoint and fix the number and salaries, with the approval of
13 the Board of Directors, to remove, suspend, or otherwise discipline,
14 for cause, any subordinate employee of the Corporation; and
- 15 (e) To perform such other duties as may be assigned to him by the
16 Board of Directors from time to time.

17
18 **SECTION 11. Appointment and Promotion.** - In the appointment
19 and promotion of officers and employees, merit and efficiency shall serve as
20 basis, and no political test or qualification shall be prescribed and considered
21 for such appointments or promotions. Said officers and employees shall be
22 subject to the Civil Service Law, rules and regulations.

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

1 **SECTION 13. *Audit Personnel and Report.* –**

2 (a) Personnel - The Commission on Audit shall appoint a
3 representative who shall be the Auditor of the Corporation, and the
4 necessary personnel to assist said representative in the
5 performance of his/her duties. The number and salaries of the
6 Auditor and said personnel shall be determined by the Commission
7 on Audit, subject to appropriation by the Board of Directors. In case
8 of disagreement, the matter shall be submitted to the President of
9 the Philippines whose decision shall be final. Said salaries and all
10 other expenses of maintaining the Auditor's office shall be paid by
11 the Corporation.

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

31
32 **SECTION 14. *Legal Counsel.*** - The Corporation shall have its own
33 legal department, the chief and members of which shall be appointed by the
34 Board of Directors.

35

1 **SECTION 15. *Exemption from the Land Transportation***
2 ***Commission Act.*** – The Corporation shall not be subject to the authority and
3 supervision of the Land Transportation Commission.
4

5 **SECTION 16. *Liquidation.*** - When its term or period of existence has
6 expired in accordance with the provision of this Act, the Corporation shall
7 nevertheless continue as a body corporate for three (3) years after the time of
8 its dissolution for the purpose of prosecuting and defending suits by or
9 against it and of enabling it gradually to settle and close its affairs, to dispose
10 of and convey its properties, but not for the purpose of continuing the
11 business for which it was established. In order to carry out its liquidation,
12 upon the dissolution of the Corporation, a Board of Liquidators shall be
13 appointed by the President to take charge of winding up its corporate affairs
14 and effecting its liquidation.
15

16 **SECTION 17. *Strikes During National Emergency.*** - The
17 provisions of law to the contrary notwithstanding, in cases of national
18 emergency, or when in the opinion of the President of the of the Philippines,
19 the national security or interest is in imminent danger, employees and
20 laborers of the Corporation shall not strike for the purpose of securing
21 changes or modification in their terms and conditions of employment during
22 said period of emergency.
23

24 **SECTION 18. *Reversion of General Funds.*** - All funds resulting
25 from dissolution and liquidation of the Corporation as herein provided shall
26 revert to the general funds of the Government.
27

28 **SECTION 19. *Applicability of the Corporation Law.*** - The
29 provisions of the Corporation Law which are not inconsistent with the
30 provisions of this Act, shall be applicable lo the corporation created hereby.
31

32 **SECTION 20. *Repealing Clause.*** - The provisions of Republic Act
33 No. 4156, as amended, creating the Philippine National Railways and all
34 acts, executive orders, administrative orders, and proclamations or parts
35 thereof inconsistent with any of the provision of this Act, are hereby repealed
36 or modified accordingly.

1 **SECTION 21. *Separability Clause.*** - If any part or provision of this
2 Act is declared invalid or unconstitutional, the remaining parts or provisions
3 not affected thereby, shall remain in full force and effect.

4

5 **SECTION 22. *Effectivity.*** - This Act shall take effect upon its
6 approval.

7

8 *Approved,*