

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

OFFICE OF THE SECRETARY

7 JUL 31 1976

SENATE  
S. No. **1410**

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Introduced by **Senator Richard J. Gordon**

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### 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 an ambitious project, the magnitude of which poses many challenges, 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 optimal land use, pollution reduction, energy efficiency and conservation, resource allocation, safety, and cost to such extent that the development of an adequate and efficient railway transportation system 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.




**RICHARD J. GORDON**  
Senator *g*

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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 the policy of the State to promote and develop  
3       a national railway transportation system that will provide and maintain an adequate and  
4       efficient railway transportation system to the people for the social and economic  
5       development 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  
18      be 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 such as, but not limited to,  
30 parking 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 its 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 be granted to the National Railway  
16 Authority, including but not limited to the necessary areas for stations, terminals,  
17 warehouses, parking structures and other facilities. The National Railway Authority,  
18 together with the assistance and cooperation of other national and local government units,  
19 shall promptly remove all squatters, nuisances and obstructions in the national railway  
20 system. To aid in the construction of the railway and secure the safe and speedy  
21 transportation of people and goods, alternate sections of land on each side of the railway on  
22 the line thereof shall also be 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  
27 (7) members to be appointed by the President of the Republic of the Philippines to serve for  
28 a term of six (6) years, to wit:

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

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

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

33 (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  
5   functions of the National Railway Authority shall be vested in and exercised by the Board of  
6   Directors. 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.** – The National Railway Authority shall be headed by a  
22   President who shall be primarily responsible for carrying out the comprehensive  
23   development plan of the National Railway Authority and the policies and programs of the  
24   Board of Directors. The President shall be a Filipino citizen, of good moral character, a  
25   person of proven competence and leadership capability, and possessed with at least ten  
26   (10) years experience and background in management or public administration from a  
27   reputable institution. The President of the National Railway Authority shall be appointed by  
28   the President of the Republic of the Philippines and shall have a term of six (6) years.

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

31          (1) To execute, administer and implement the comprehensive development plan,  
32   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**  
10 **Transit Authority into the National Railway Authority.** – The Philippine National  
11 Railways and the Light Rail Transit Authority are hereby consolidated into the National  
12 Railway Authority. The National Railway Authority shall possess all the rights, privileges,  
13 immunities and franchises of the Philippine National Railways and the Light Rail Transit  
14 Authority; and all property, real or personal, and all receivables due on whatever account,  
15 including subscriptions to shares and other choses in action, and all and every other interest  
16 of, or belonging to, or due to the Philippine National Railways and the Light Rail Transit  
17 Authority, shall be deemed transferred to and vested in the National Railway Authority. The  
18 National Railway Authority shall be responsible for all the liabilities and obligations of the  
19 Philippine National Railways and the Light Rail Transit Authority in the same manner as if it  
20 had itself incurred such liabilities or obligations; and any pending claim, action or proceeding  
21 brought by or against any of the Philippine National Railways and the Light Rail Transit  
22 Authority may be prosecuted by or against the National Railway Authority. The rights of  
23 creditors or liens upon the property of any of the Philippine National Railways and the Light  
24 Rail Transit Authority shall not be impaired by the consolidation.

25           **Sec. 14. Subsidiaries.** – The National Railway Authority shall have the power to  
26 form, establish, organize and maintain subsidiaries to implement the provisions of this Act.  
27 Such 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  
4 of 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 this Act is hereby  
10 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 other 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,