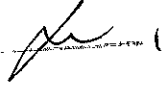


SENATE OF THE PHILIPPINES
 FOURTEENTH CONGRESS
 Second Regular Session

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SENATE

RECEIVED BY 

Senate Bill No. 2579

Introduced by Senator EDGARDO J. ANGARA

EXPLANATORY NOTE

The establishment of a national railway system is the solution to the congestion and pollution of the metropolitan areas and the traffic problem in the major urban centers all over the country. It will provide cheaper, faster, safer and reliable mass transport system; facilitate the movement of people, goods and services; decongest the metropolis; depollute the metropolitan areas; enhance agricultural productivity; encourage investments and accelerate industrialization; enhance tourism in the countryside; promote inter-regional trade and commerce; decentralize development to the rural areas; reduce national dependence on oil imports; reduce the importation of vehicles; reduce the cost of road maintenance; facilitate the collection and transportation of garbage; and generate job opportunities.

In order for the entire Filipino people to reap the foregoing benefits that they have been denied of, and in order to promote the railway industry in the Philippines, which will accelerate national progress and prosperity and ensure our country's global competitiveness, there is a need, more than ever, to vigorously pursue and, as immediately as possible, the establishment of a nationwide railway system that should be constructed simultaneously in Luzon, Visayas and Mindanao. Actually, and without fear of contradiction, the railways triggered the economic prosperity and stability of Europe, United States of America, Russia, China, India, Australia, Japan, and just recently, South Korea, Malaysia and Singapore.

The bill seeks, among others, the creation of a Railway Authority that will unify and standardize the development and operations of railways in the Philippines; creation of Railway Regulatory Board that will set fare, safety and security standards; transfer of Railway Technology thru the establishment of Railway Academy, Railway Training Center, Railway Refurbishing Shop and the Railway Equipment Manufacturing Plant; creation of a Railway Trust Fund that is dedicated to finance railway projects; and the exemption from taxation of railway properties.

The enactment of a National Railway Act has been over-due long before the food and fuel crisis that many countries of the whole world now suffer. The Act will ensure an efficient and effective mass transport system nationwide that will facilitate the movement of people, goods and services around the country.

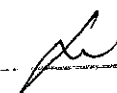
As the Filipino people as a nation, aspire for economic power and self-sufficiency in all fields of human endeavors, the establishment of a National Railway System has therefore becomes absolutely necessary.


 EDGARDO J. ANGARA
 Senator

SENATE OF THE PHILIPPINES
FOURTEENTH CONGRESS
Second Regular Session

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) 8 SEP -1 2008

SENATE
S. No. 2579

RECEIVED BY: 

Introduced by Senator EDGARDO J. ANGARA

**AN ACT
INSTITUTIONALIZING A NATIONAL RAILWAY SYSTEM IN THE
PHILIPPINES AND FOR OTHER PURPOSES**

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

**ARTICLE I
GENERAL PROVISIONS**

SECTION 1. Title. – This Act shall be known as the Philippine National
Railway Act of 2008.

SEC. 2. Declaration of Principles and Policies.

- a. The State shall promote the railway industry as an instrument for national progress and prosperity.
- b. The State shall establish a nationwide railway system that is cost effective, reliable, efficient, state-of-the-art, accessible, sustainable and compliant with international standards.
- c. The State shall promote the cooperation between the government and the private sector including the local government units in the development, implementation and operation of railway systems;
- d. The State shall assure the safety and security of the railway riding public.

SEC. 3. Purposes. - This Act shall have the following purposes:

- 1. To provide cheaper, faster, safer, and reliable mass transport system
- 2. To facilitate the movement of people, goods and services
- 3. To decongest the metropolis
- 4. To de-pollute the metropolitan areas
- 5. To enhance agricultural productivity

6. To encourage investments and accelerate industrialization
7. To enhance tourism in the countryside
8. To promote inter-regional trade and commerce
9. To decentralize development to the rural areas
10. To reduce national dependence on oil imports
11. To reduce the importation of vehicles
12. To reduce the cost of road maintenance
13. To facilitate the collection and transportation of garbage
14. To generate job opportunities

ARTICLE II DEFINITION OF TERMS

SEC. 4. Definitions. - As used in this Act:

- a) **Railway** - shall mean an undertaking that is operated for the purpose of transporting people, goods and services or any one or more of them by means of rolling stock operated on track.
- b) **Subway** – shall mean underground railway.
- c) **At-Grade Railway** – shall mean a railway system that runs on street level.
- d) **Elevated Railway** – shall mean a railway system that runs on tracks on elevated viaducts.
- e) **Regional (Provincial) Railway** – shall mean a railway system that moves passenger and freight in long-distances.
- f) **Amusement Railway** - shall mean a non-common carrier railway system that is operated wholly or in part within the confines of an amusement, historical park or similar site.
- g) **Industrial Railway** - shall mean a non-common carrier railway system that transport goods that are manufactured, refined or otherwise produced, processed or handled by the person who operates the railway or on whose behalf the railway is operated, and is operated wholly or in part within the confines of the industrial site on which goods are manufactured, refined or otherwise produced, processed or handled, and is not operated for the purposes of transporting goods for a toll or a fee.
- h) **Public Railway** – shall mean a common carrier railway system that is operated for purposes of transporting people, goods and services or any one or more of them for a toll or fee.

- i) **Monorail Transit System** – shall mean a special type of rail system that uses a single rail to support and guide a passages vehicle.
- j) **Light-Rail Transit System** – shall mean an electric railway system where the cars operate as single unit or as short train of two or three cars.
- k) **Urban Rail Transit System** - shall mean a rail system that is a street railway, tramway, light transit railway or similar system, the purpose of which is to transport the general public within an urban area.
- l) **Commuter Rail System** – shall mean a rail transit that use traditional freight railroad technology, including diesel or electric locomotives, to operate trains for passenger service.
- m) **Metro Rail Transit System** – shall mean a heavy rail system that is also commonly referred to as rail rapid transit. Heavy-rail system typically consists of large four-axle rail vehicles operating in trains of two to ten cars.
- n) **Rail Rapid-Transit System** - shall mean a rail system that operate on tracks reserved solely for the rail cars.
- o) **Automated Guided Transit** – shall mean a fully automated transit systems, which operate without crew.
- p) **Streetcars** – shall mean a tramway or trolley that are electrically powered vehicles that run on steel tracks embedded within city streets.
- q) **High Speed Train** – shall mean a railway technology that operates at the speed of 220 kph and above.
- r) **Maglev** – shall mean a train utilizing propulsion technology.
- s) **Rolling Stock** – shall mean any locomotive or railway car that operates on track and any other vehicle that by design or by the way it is equipped is capable of being operated on track.
- t) **Track** – shall mean a railway track or any land or Right-of-Way on which the railway track is located and any signal and apparatus used relative to the operation of the railway track.
- u) **Station** - shall mean loading and unloading area for rail commuters.
- v) **Structural Facilities** - shall mean railway bridges, tunnels, overpasses, underpasses, culverts, crossings, and similar structures.
- w) **Authority** - shall mean the Philippine National Railway Authority.
- x) **Board** – shall refer to the Board of Directors of the Authority.
- y) **Regulatory Board** – shall refer to the Railway Regulatory Board.
- z) **Approval** - shall mean an approval granted under this Act and includes an amendment to the approval.

- aa) **Secretary** – shall mean the minister/head of the Department of Transportation and Communications.
- bb) **National Railway Administrator** – shall mean a person appointed as Chief Operating Officer of the Philippine National Railway Authority.
- cc) **Railway Operator** – shall mean a natural person or a juridical person who is authorized to own, operate and maintain a railway system.
- dd) **Railway Safety Officer** - shall mean a person designated as a railway safety officer and includes any person authorized by the Authority to perform the duties or functions on behalf of or in place of a railway safety officer.
- ee) **Railway Security Officer** – shall mean a person directly responsible in securing not only the life of each and every commuter and the employees of the Authority and its subsidiaries but also in securing railway structure and facilities.
- ff) **Affected Person** - shall mean:
- (i) a person who has submitted to the Authority a proposal to build, operate and maintain a railway system, or license to operate;
 - (ii) a person who has been granted or denied approval by the Authority;
 - (iii) a person to whom an order or direction has been given or whom an order or decision has been issued by the Authority;
 - (iv) a person whose property or the use or any interest thereof is affected by any expropriation proceedings to carry out railway project;
 - (v) Any person whom the Board, in its discretion, accepts as an affected person.
- gg) **Private Road** - Shall mean a road that is not a highway, or a road that is not owned or otherwise under the direction, control and management of the Authority or any instrumentality of the government.
- hh) **Services** - shall mean one or more of the following:
- (i) the operation of rolling stock;
 - (ii) the operation of track;
 - (iii) the transportation of people, goods and services

ARTICLE III STRUCTURE OF THE NATIONAL RAILWAY INDUSTRY

SEC. 5. The National Railway Industry. - The National Railway Industry has two (2) components, such as (a) The Public Domain and (b) The

Private Domain. The Public Domain consists of: 1) The Philippine National Railway Authority and 2) The Railway Regulatory Board. The Private Domain encompasses ownership, maintenance and operation of railway systems.

SEC. 6. Sovereign Duty. - Specifically the duty of the government in the public domain on the railway industry is to construct, own, maintain and operate railway systems including the supervision of both public and private railway systems

ARTICLE IV PHILIPPINE NATIONAL RAILWAY AUTHORITY

SEC. 7. Philippine National Railway Authority. - The Philippine National Railway Authority is hereby created with a Board of Directors composed of the Secretary of Transportation and Communications as Chairman, the Director General of the National Economic Development Authority as Vice Chairman, and the Secretaries of the Departments of Public Works and Highways, Finance, Budget and Management, Agriculture, Environment and Natural Resources, Interior and Local Governments and the Chairman of the Metro Manila Development Authority, including the National Railway Administrator and the President of the Philippine Chamber of Commerce & Industry, as members.

The Chairman and the Members of the Board may designate their respective alternates to the Board from among their own officials with the rank of undersecretaries.

SEC. 8. Mandate. - The Authority is mandated to establish a nationwide railway system covering the islands of Luzon, Visayas and Mindanao including Metro Manila and the other metropolitan areas in the Philippines as the Authority may determine.

SEC. 9. Powers, Duties and Functions. - As corporate body, the Authority shall have the following powers, duties and functions:

- (a) To have continuous succession under its corporate name;
- (b) To sue and be sued;
- (c) To adopt, alter and use a corporate seal;
- (d) To amend, and repeal its By-laws;
- (e) To acquire, own, hold, administer and lease such real or personal property as it deems necessary or convenient in governing its business affairs and to lease, mortgage, sell, alienate or otherwise dispose of any such real or personal property held by it except its Right – of – Way;
- (f) To enter into any obligation, assign or accept the assignment of and rescind any agreement or contract necessary or incidental to the proper functioning of the Authority.
- (g) To contract loan, indebtedness and credit accommodation, in any local or convertible foreign currency from nay international financial

institution, foreign government entities and local or foreign private commercial banks or similar institutions under such terms and conditions pursuant to law, rules and regulations, and to issue commercial papers and bonds in connection therewith;

- (h) To construct, own lease, operate and maintain public utilities, infrastructure facilities and such auxiliary support services needed to develop, operate and maintain a nationwide railway system;
- (i) To design, construct, maintain and operate by itself or by delegation to, or through contractual arrangement such auxiliary infrastructure support facilities as, but not limited to, parking structures above or below the ground, including the means of access;
- (j) To prescribe, fix and regulate the scheduled, frequency and route of railway services;
- (k) To fix the agency estimate of the cost of railway project.
- (l) To receive donations, grants, bequest and assistance of all kinds and to utilize the same;
- (m) To establish, organize and maintain subsidiary corporations as operators of railway systems or establish a joint ventures formed in accordance with the Philippine Corporation Code;
- (n) To privatize any part or all of the railway system or any subsystem under the Authority, and the party that acquires the system is automatically granted an Authority to operate the same;
- (o) To formulate and adopt a master plan for a national railway system with ecological and environmental standards;
- (p) To develop, construct, operate, maintain and control railway facilities including parking stations and terminals for freight, goods and cargoes;
- (q) To consider and approve variation orders of not more than 10% of the cost of railway project and without prejudice of the prevailing inflation rate;
- (r) To order the cessation of operations or any activities related to the railway system upon the recommendation of the concerned railway safety/ security officer;
- (s) To call upon any government agency for such assistance as maybe necessary in the discharge of its duties and functions;
- (t) To promulgate such rules and regulations as may be necessary to carry out the objectives of this Act;
- (u) To be member of International Railway Organizations; and
- (v) Perform such other powers as may be necessary to carry out the purpose of this Act.

SEC. 10. Board of Directors. The powers of the Authority shall be vested in a Board of Directors, as such, it shall:

- (a) Formulate policies, rules and regulations, plans and projects and programs;
- (b) Direct the management, operations and administration of the Authority;
- (c) Establish financial and operations targets for management as the basis for evaluating and monitoring corporate performance;
- (d) Authorize such expenditures for the effective and efficient administration and operations of the Authority;
- (e) Create Project Management offices or positions necessary for the efficient operations of the Authority and fix the remuneration and other emoluments of subordinate officers and personnel of the Authority, subject to the approval of the Department of Budget and Management (DBM); and
- (f) Exercise such other powers as may be necessary to accomplish the purposes for which the Authority was organized.

SEC. 11. Per diems and Allowances. The Chairman of the Board shall receive a per diem in the amount of Five Thousand Pesos (P5, 000. 00) per meeting and a monthly allowance of Twenty Thousand Pesos (P20, 000. 00). Each of the members of the Board shall receive a per diem in the amount of Three Thousand Pesos (P3, 000. 00) each per meeting and a monthly allowance of Fifteen Thousand Pesos (P15, 000. 00).

SEC. 12. Secretary to the Board. - There shall be Secretary to the Board who must be, preferably, a member of the Integrated Bar of the Philippines.

ARTICLE V ADMINISTRATION OF THE AUTHORITY

SEC. 13. Administration.- The general conduct of the operations and management of the Authority shall be vested in the National Railway Administrator with rank and privileges of undersecretary who shall serve as Chief Executive Officer of the Authority and Member of the Board. He shall be primarily responsible in carrying out the projects and programs of the Authority as well as in the implementation of its policies, rules and regulations, including the faithful execution of the decisions of the Board.

SEC. 14. Qualifications. - The National Railway Administrator must be natural-born citizen of the Philippines, at least thirty-five (35) years of age on the day of his/her appointment, of good moral character and with recognized executive ability and competence in the field of transportation, business administration, management, finance or law. He shall be appointed by the President of the Republic of the Philippines for a term of seven (7) years, renewable for another term only and can only be removed from the service for cause as provided under existing laws.

SEC. 15. *Deputies.* - The National Railway Administrator shall have four (4) deputies for Metro Manila, Luzon, Visayas and Mindanao, all of whom shall likewise be appointed by the President of the Republic of the Philippines for a term of seven (7) years, renewable for another term only. The deputies shall have the same qualifications with that of the Administrator. These officials with the rank and privileges of Assistant Secretary can only be removed from the service for cause as provided under existing laws.

SEC. 16. *Duties and Responsibilities of the National Railway Administrator.* - The Administrator of the Authority shall have the following duties and functions;

- (a) Determine, subject to the approval of the Board and the concurrence of the Department of Budget and Management, the staffing pattern and the number of personnel of the Authority;
- (b) Appoint all the staff and personnel of the Authority;
- (c) Execute, administer and implement the policies, programs, plans, and regulations issued and adopted by the Board of Directors;
- (d) Direct and supervise the operations and administration of Authority;
- (e) Direct and supervise the operations of all public railways;
- (f) Direct and supervise the preparation of the agenda for the meeting of the Board, and to submit for the consideration of the Board such measures as he/she believes necessary to carry out the purposes and objectives of the Act;
- (g) Represent the Authority in all its transactions with other offices, agencies and instrumentalities of the government and to deal with any persons and entities, public or private, domestic or foreign, on matters related to the mandate of the Authority;
- (h) Exercise such other powers and perform such other duties and function as the Board may assign or authorize;
- (i) Remove or discipline officials/employees for cause and in accordance with the Civil Service laws, rules and regulations; and
- (j) Grant fringe benefits and other forms of incentives to deserving and performing officials/employees when finances of the Authority so warrant.

SEC. 17. *Legal Counsel.* - The Authority shall appoint a Legal Counsel who must be member of the Integrated Bar of the Philippines; have at least five (5) years experience in the procedure of law, and must be at least thirty five (35) years of age at the time of his/her appointment.

SEC. 18. *Merit System.* - All officials and employees of the Authority shall be selected and appointed based on the comprehensive and progressive merit system to be established by the Authority immediately upon its organization and in accordance with Civil Service law, rules and regulations. The hiring, promotion, transfer and dismissal of all the

personnel of the Authority shall be governed by applicable existing civil service laws, rules and regulations.

ARTICLE VI CONSOLIDATION OF EXISTING RAIL OFFICES AND AGENCIES

SEC. 19. Consolidation. - Upon the approval of this Act, the Philippine National Railways (PNR), the Light Rail Transit Authority (LRTA), the Panay Railways, Incorporated and the North Luzon Railway Corporation (*NORTHRAIL*) including all other rail offices and agencies shall be deemed consolidated/absorbed and consistently/abolished and its projects, assets and liabilities transferred to and assumed by the Philippine National Railway Authority.

SEC. 20. The assets and liabilities of the EDSA Light Rail Transit of the Department of Transportation and Communications in so far as its existing Build-Lease Transfer Contract with the Metro Rail Transit Corporation (MRTC) are likewise deemed transferred to and assumed by the Authority.

SEC. 21. Valuation – The assets of the existing railway offices and agencies mentioned in Section 1 hereof shall be valued by the Commission on Audit, and their respective liabilities determined by the Commission on Audit and Department of Finance.

SEC. 22. The plantilla personnel of the existing rail offices and agencies holding either permanent or contractual positions maybe absorbed by the Authority or retire from the service, subject to existing laws, rules and regulations and the guidelines that the Department of Budget and Management may issue for the purpose.

ARTICLE VII RAILWAY REGULATORY BOARD

SEC. 23. Composition of the Regulatory Board. - A Regulatory Board is hereby created composed of the Secretary of Transportation and Communications as Chairman, Secretary of Public Works and Highways as Vice-Chairman, Secretaries of Department of Labor and Employment, Finance, Budget and Management, Trade and Industry and the Head of the Office of Transportation Security. The National Railway Administrator shall sit in the Board as ex-officio member.

SEC. 24. Standards. - In order to sustain the development of the railway industry, enhance the operations of railway systems and ensure the safety/security of the railway riding public, and protect them from any form of natural calamities and man-made disasters, the Regulatory Board shall set the necessary fare, safety and security standards to be observed by all the railway operators, public or private.

SEC. 25. Compliant with International Standards. - The fare, safety and security standards that the Regulatory Board shall formulate must be compliant with international standards.

SEC. 26. Rules and Regulations. - Railway Regulatory Board shall formulate rules and regulations on the following:

- (a) Standards and specifications with respect to rolling stock, track and structural facilities and other railway equipment and apparatus.
- (b) Construction, maintenance, repair and removal of track and structural facilities;
- (c) Permanent and temporary fencing of Right-of-Way and structural facilities including the apportionment of costs in relation thereto.
- (d) Track crossing and its usages;
- (e) Installation and use of signage, warning signals, barriers, operating signals and other similar apparatus;
- (f) Qualifications of persons operating rolling stock and of persons carrying out functions regarding the operation of track and of other equipment and matters ancillary to the operation of rolling stock;
- (g) Materials, equipment and technology to be used for the building and construction of the railway systems;
- (h) Tariff, rates and other fees and charges;
- (i) Formulate rules and regulations relative to railway security and safety; and
- (j) Formulate rules and regulations relative to the imposition of fines and penalties.
- (k) Exercise such powers and perform such duties and functions in behalf of its creation.

SEC. 27. *Per diems and Allowances.* - The Chairman of the Board shall receive per diem in the amount of Three Thousand Pesos (P3, 000. 00) per meeting and a monthly allowance of Fifteen Thousand Pesos (P15, 000. 00). Each of the members of the Board shall receive a per diem in the amount of Two Thousand Five Hundred Pesos (P2, 500. 00) each per meeting and a monthly allowance of Twelve Thousand Pesos (P12, 000. 00).

SEC. 28. *Secretary to the Board.* - There shall be Secretary to the Board who must be, preferably, a member of the Integrated Bar of the Philippines, preferably.

ARTICLE VIII ADMINISTRATION OF THE REGULATORY BOARD

SEC. 29. *Administration.* - The Management and Operations of the Regulatory Board shall be vested in an Executive Director with the same rank and privileges of Assistant Secretary. He shall be appointed by the President of the Republic of the Philippines for a term of Seven (7) years and renewable for another term only.

SEC. 30. *Qualifications.* - The Executive Director must be natural born citizen of the Philippines, at least Thirty (30) years of age on the day of his/her appointment, and of good moral character. He must either be a

lawyer or duly licensed civil/electronic engineer. He can only be removed from the service for cause pursuant to law.

SEC. 31. *Deputies.* - The Executive Director shall have Three (3) deputies for fare, safety and security and shall have the same qualifications with that of the Executive Director. Each of them shall be appointed by the President for the same term of office and can only be removed for cause pursuant to law.

SEC. 32. *Staff and Personnel.* - The Executive Director Shall be assisted with such staff and personnel that the Board shall determine, subject to the approval of the Department of Budget and Management.

SEC. 33. *Salaries and Compensation.* - The Executive Director and his deputies including his staff and personnel shall receive salaries and other emoluments as prescribed under existing laws, rules and regulations.

SEC. 34. *Appointment.* - The staff and personnel of the Regulatory Board shall be appointed by the Executive Director subject to the confirmation of the Board.

ARTICLE IX COMMON CARRIER

SEC. 35. *Public Railways as Common Carrier.* - As common carrier, a railway operator shall provide all the necessary equipment and facilities for the safety, security, comfort and convenience of the general riding public in accordance with international standards and best practices.

SEC. 36. *Limitation of Liability.* - The liability of a railway operator shall not be limited to the liability and responsibility of a shipper under existing laws, rules and regulations.

SEC. 37. *Transfer of Authority to Operate.* - No authority to operate a railway system shall be transferred or conveyed without the approval of the Philippine National Railway Authority.

ARTICLE X HIERARCHY OF RAILWAYS

Sec. 38. *Classification.* - The railway system of the Philippines shall be classified according to technology and level of ridership such as Tramways; Mono Rail; Light Rail; Metro Rail; Heavy Rail; Sky Rail; Subway and Maglev.

ARTICLE XI CONSTRUCTION OF RAILWAYS

SEC. 39. *Construction of Railways.* - No person shall construct any form and kind of railway track such as track crossing, intersections, joints, or connections that unites with any existing railway track or structural facilities Industrial, Amusement, Public or Private on any land, for purposes of developing a railway without prior approval of the Authority.

SEC. 40. Construction of Highway Crossing Track. - No person shall construct on, across, over or under a highway without prior approval of the Authority.

SEC. 41. Structural Change. - No person shall change or replace any existing railway structure or methodology in the replacement without prior approval of the Authority.

SEC. 42. Right of Entry and Disturbance Fee. - A railway operator or his authorized agent bringing in equipment and materials to a piece of land, may gain access to such land to construct or maintain a rail system or to repair a rolling stock, track or structural facilities of a public railway, subject to the payment of disturbance fee in such amount as may be determined by the Authority.

SEC. 43. Highway Crossing. - When the construction is carried out to lay track on, across, over or under a highway, the person carrying out the construction shall allow vehicles using the highway adequate passages, and on the completion of the construction restore the highway to its acceptable passable condition.

SEC. 44. Crossing Construction. - Subject to the approval of the Philippine National Railway Authority, the owner of a private road may be allowed in writing to construct and maintain at his own cost either an underpass or overpass crossing across the right-of-way that already existed prior to the construction of his private road. However, if the private road was in existence before the rail right of way was established the railway owner/operator is responsible for the cost of constructing and maintaining the crossing.

SEC. 45. Crossing of Landowners. - Any proponent of a railway project shall provide access road in between lands cut crossed by the project when public interest so demands.

SEC. 46. Cost. - When the railway operator is unable to agree with the road authority as to the cost apportionment associated with the construction of projects under this article, the parties may resort to arbitration.

SEC. 47. Fencing of Railway Track. - The operators of railway systems when public safety demands as may be determined by the Authority shall provide the necessary fences along railway tracks.

SEC. 48. Drainage. - In the establishment of the railway system, there shall be provided appropriate and adequate drainage and sanitary facilities that Authority shall refuse of any railway project and with concerned government offices and agencies.

SEC. 49. Fire Prevention. - All railway operators shall provide their railway systems all the necessary equipment and adopt ways and means to protect their systems and commuters from fire or damages arising therefrom.

SEC. 50. Stoppage. - When the construction or work poses danger to person or property, the Safety Officer may immediately order the stoppage of the construction or work unless constraint by the Authority.

**ARTICLE XII
RIGHT – OF – WAY**

SEC. 51. *Right – of - Way.* - The Authority shall identify and establish within three (3) years after the approval of this Act, the alignment of a National Railway System, and once established and the right – of – way is acquired, the same cannot be the object of sale, lease or otherwise.

SEC. 52. *Intrusion into the Right – of – Way.* - Any intrusion into the right – of – way by any person shall be punishable by imprisonment as provided under Section 1, Article XXIX hereof.

**ARTICLE XIII
INTEGRATION OF TRANSPORT SYSTEMS**

Sec. 53. *Integration of Rail Systems.* - The Authority shall integrate all the existing railway systems for purposes of interfacing, seamless operation and unified ticketing system.

Sec. 54. *Integration with other Transport Systems.* - The Authority shall integrate whenever feasible the railway transport with maritime, civil aviation and road transports.

**ARTICLE XIV
EXPROPRIATION AND OVER- RIDING
OBJECTIVE OF CONSTRUCTION**

SEC. 55. *Expropriation.* - In the implementation of any railway projects and the operations of railway systems, Authority may initiate on its own behalf or in behalf of any duly authorized Railway Operator the necessary expropriation proceedings.

SEC. 56. *Ejection.* - Any person or group of persons who enter, intrude, occupy, settle, possess, construct into the railway alignment or Right-of - Way or any property owned by any railway office or agency shall be considered as nuisance per se and shall be summarily ejected the premises. Such entry intrusion, occupation, settlement, possession and construction shall be considered as criminal act and therefore punishable under Section 1, Article XXI hereof.

SEC. 57. *Suspension.* - When the construction or work is not being carried out in accordance of the approved specifications-relative to design and product standards, the Safety Officer may order the suspension of the construction or work until after corrections shall have been made by the contractor or its resumption is ordered by the Authority.

SEC. 58. *Prohibition Against Issuance of Restraining Orders and Preliminary Injunctions or Preliminary Mandatory Injunctions.* - No court in the Philippines, except the Supreme Court, shall have the jurisdiction to issue any restraining order, preliminary injunction, or preliminary mandatory injunction in any case, dispute, or controversy involving any contract or project being implemented by the Authority, to

prohibit any person or persons, or entity or government official from proceeding with, or continuing the execution or implementation of such contract or project, or pursuing any lawful activity necessary for the execution, implementation or operation of such railway project/system.

ARTICLE XV RAILWAY OPERATIONS

SEC. 59. *Operations.* - The operator of a railway shall ensure that the track and other railway facilities are constructed, operated and maintained in accordance with this act and the pertinent rules and regulations implementing the same and those policies that may be promulgated by the Authority and the Railway Regulatory Board and that the rolling stock is maintained and operated in accordance with applicable rules and regulations promulgated by the Philippine National Railway Authority and the Railway Regulatory Board.

SEC. 60. *Suspension and Termination.* - Any operator of a public or industrial railway who intends to suspend or terminate its operation shall, within six months, prior to the suspension or termination, give notice thereof to the Authority and to the public.

ARTICLE XVI SAFETY AND SECURITY

SEC. 61. *Safety Officer.* - There shall be created positions of Safety officers with the following duties and functions:

- (i) Administer and foster faithful compliance with railway safety legislations, approvals and operating rules and regulations;
- (ii) Ensure the safety at all times of rolling stocks, railway tracks, signaling and communication systems and other facilities.
- (iii) Conduct regularly safety audit of railway system including a check on inventory levels of essential spare parts; and
- (iv) Ensure the safety of the general riding public and of persons employed by or acting on behalf of operators of railways;

SEC. 62. *Qualifications.* - Only persons who graduated from a course related to safety shall be appointed Safety Officer and shall pass the examination given by the Railway Regulatory Board for the purpose.

SEC. 63. *Security Officer.* - There shall be created positions of Security Officers with the following duties and functions:

- (i) Administer and foster faithful compliance with railway security legislations, approvals and operating rules and regulations;
- (ii) Ensure the security of the general riding public and of persons employed by or acting on behalf of operators of railways.
- (iii) Ensure the installation of the state of the art surveillance and tracking equipment for passengers and cargo.

SEC. 64. *Qualifications.* - Only persons who graduated from a course related to security shall be appointed Security Officer and shall pass the examination given by the Railway Regulatory Board for the purpose.

ARTICLE XVII MAINTENANCE

SEC. 65. *Proper Maintenance.* - There shall be created a Maintenance Group in every railway line with the following duties and functions.

- (i) Ensure that the economic lifespan of the system is attained through rehabilitation, refurbishment and overhauling;
- (ii) Ensure continuous and efficient operation of the system;
- (iii) Ensure a continued availability of spare parts in the inventory;
- (iv) Ensure the repair and maintenance of the rolling stock, track or structural facilities.

The maintenance group lead by a Maintenance Engineer shall be composed of Engineers from different fields of specialization.

ARTICLE XVIII COMPLIANCE, ACCIDENTS AND ADMINISTRATIVE PENALTIES

SEC. 66. *Inspection of Railways.* - A railway safety/security officer may carry out inspections of the following:

- (i) Rolling stock, track, goods and other facilities;
- (ii) Record, document, object or thing that relates to the operations of a railway;

SEC. 67. *Access.* - A railway safety officer, in carrying out an inspection may do one or more of the following:

- (i) Enter any track, structural facility, rolling stock, building or any other property associated with railways;
- (ii) Make inquiries with any person who is employed by or who carries out any duties or functions for or in behalf of the railway operator; and
- (iii) Perform or caused to be performed tests or examinations of anything relative to the inspection.

SEC. 68. *Production of Documents.* - In the course of safety/security inspection the officer conducting the inspection may require the production of any documents, record or thing relative thereto.

- (i) Any person who is the subject to an inspection shall, when requested to do so by a railway safety/security officer, produce for inspection within reasonable period of time any

record, document, object or thing that relates to the matter under inspection.

- (ii) A railway safety/security officer may request copies or take photographs of the record, document, object or thing under inspection and immediately thereafter return the same.
- (iii) When conducting an inspection of a record, document, object or thing, a railway safety/security officer is of the opinion that he must retain possession of the record, document, object or thing for a longer period of time, he may do so within reasonable time but not longer than three days after receipt thereof.

SEC. 69. Directions of Railway Safety Officer. – When a railway safety officer carries out an inspection, he may do one or more of the following:

- (i) Recommend the cessation of the operation of any railway system or any activity related thereto when in his opinion he has reasonable grounds to believe that he has to do so. However, when there is a compelling reason, he may order the suspension of the operations unless restrained by competent authority.
- (ii) Order the removal of rolling stock or any equipment from the service or any person on board, when the railway safety officer is of the opinion that the operation of the same poses danger to the safety of the public or persons employed by or acting on behalf of the operator unless restrained by the National Railway Authority;
- (iii) Issue directions to stop over-speeding of the train or when violations are being committed related to the speed of the rolling stock.

SEC. 70. Accidents. - The railway operator shall keep a record of every accident involving person or the railway system and shall forthwith report to the Authority.

SEC. 71. Investigation. - The Philippine National Railway Authority shall conduct an investigation on accidents provided for in the immediate preceding section, and for this purpose the investigating officer shall have full access to the place and attributes of accident.

SEC. 72. Liability. - The operator and his agent shall be jointly and solidarily liable for the fines and penalties provided under this article.

SEC. 73. Execution. - When the operator and/or his agent fails to pay the administrative penalty in accordance with this article, the Authority shall take all the necessary legal actions to compel the payment of the administrative legal penalties and fines against the operator and his agent.

ARTICLE XIX REVIEW

SEC. 74. *Review/Appeal.* - Any order issued by the Safety /Security Officer maybe appealed for review by the affected person to the Authority within Fifteen (15) working days from notice thereof whose decision shall be final and executory.

SEC. 75. *Motion for Reconsideration.* - Any person affected by the order or decision of the Authority may file a motion for reconsideration within Fifteen (15) days from receipt of the notice thereof. No second motion for reconsideration shall be entertained.

ARTICLE XX PARTICIPATION OF THE LOCAL GOVERNMENT UNITS AND THE PRIVATE SECTOR IN RAILWAY DEVELOPMENT

SEC. 76. *Local Government Units (LGUs).* - A Local Government Unit or group of Local Government Units may own, construct, maintain and operate a railway system in accordance with International Standards and subject to the approval of the Authority.

SEC. 77. *Private Sector.* - Any person, natural or juridical, may own, construct, maintain and operate a railway system in accordance with International Standards and subject to the approval of the Authority.

SEC. 78. *Private-Public Partnership.* - The Authority or any Local Government Unit may jointly own, construct, maintain and operate a railway system with the Private Sector in accordance with the Corporation Law and other applicable laws.

ARTICLE XXI RAILWAY ENERGY PLANT

SEC. 79. *Power Plant.* - In order to ensure a continuous and uninterrupted operation of the railway systems in the Philippines, the Authority may establish its power plant for any of its rail systems when on its own judgment it is more economical and advantageous on the part of the government.

SEC. 80. *Waste – to – Energy Plant.* - The Authority shall establish in cooperation with the Local Government Units and the Private sector waste-to-energy plant in strategic areas in the country.

ARTICLE XXII TRANSFER OF RAILWAY TECHNOLOGY

SEC. 81. *Railway Engineering Course.* - The Philippine Railway Academy established in the Polytechnic University of the Philippines (PUP) shall offer a 5-year baccalaureate course on Railway Engineering Management and other Railway related courses and shall receive an annual budgetary support which shall be provided in the Annual General Appropriations Act.

SEC. 82. Assistance for Other State Colleges and Universities. - The Authority when its finance permit shall extend assistance to other State Colleges and Universities offering similar Railway Engineering courses until after the necessary budgetary support for the concerned institutions shall have considered in their respective annual budget from the national government.

SEC. 83. Railway Training Center. - A Railway Training Center is hereby established to equip the railway manpower resource with the necessary skills and expertise in the development and implementation of railway projects and programs, and in the operation of railway systems. The budgetary support for the Railway Training Center shall be provided in the General Appropriations Act.

SEC. 84. Manufacturing of Railway Equipment. - The Authority shall endeavor to establish the necessary mechanism for the manufacturing of railway equipment to ensure the expansion and sustainability of a National Railway System herein envisioned.

ARTICLE XXIII TRAIN DRIVERS

SEC. 85. Train Drivers. - To promote proficiency and to ensure the safety of the general railway riding public, all train drivers must possess certain educational attainment and undergo training to attain certain level of skills, and must be physically and mentally fit owing to the delicate characters of their job.

SEC. 86. Train Driver's License. - The Railway Training Center shall conduct the training for train drivers for a duration that it may determine and thereafter issue the necessary Train Driver's License (TDL) for those who will pass the training according to its tests and measurements.

ARTICLE XXIV CAPITALIZATION AND TRUST FUND

SEC. 87. Capitalization. - The Philippine National Authority shall have a capitalization of Five Hundred Billion (P500, 000,000,000.00) divided into shares at One Thousand Pesos per share (P1, 000. 00) This capitalization may consist of the assets of the existing railway offices and agencies that the Authority shall absorb under this Act, including the amount of One Hundred Billion Pesos which shall be provided in the General Appropriations Act for a period of Five (5) years starting on the year following the passage of this Act.

SEC. 88. Establishment of the Railway Trust Fund. - A Railway Trust Fund is hereby established that is dedicated to finance only railway projects and the operations of railway systems.

SEC. 89. Sources. - The Railway Trust Fund consists of 3% increase in the real property tax, 2% share of the sin taxes and 5% share of the road user's tax.

SEC. 90. Fund Administrator. - The Trust Fund shall be administered

by any recognized government depository bank and can only be spent and withdrawn by 2/3 vote of the members of the Board of Directors of the Authority for the purposes for which it is created.

ARTICLE XXV EXEMPTION FROM REAL PROPERTY TAX

SEC. 91. *Exemption from Real Property Tax.* - All rail properties in the form of land, right – of – way, depot, stations, tracks, office buildings, and terminals are exempted from the payment of real property tax and those which have already been due to the government shall be deemed condoned entirely.

SEC. 92. *Exemption from Income Tax.* - The incomes of the Authority that are derived from the operations of its railway systems is exempted from the payment of income tax.

SEC. 93. *Exemption from the Payment of Customs, Duties and Charges.* - Any importation of goods and/or equipment for the building of railway systems and for the maintenance and operation of railway systems is free from payment of customs, duties, and other forms of fees and charges.

ARTICLE XXVI REVENUES

SEC. 94. *Rail Revenues.* - The rail revenues shall consist of all incomes derived from the ridership, freight and trackage fees.

SEC. 95. *Non-Rail Revenues.* - The non-rail revenues shall consist of all incomes generated from commercial, advertisement and real estate development programs.

ARTICLE XXVII INSURANCE COVERAGE

SEC. 96. *Rail Systems Insurance Coverage.* - All rail systems shall be covered by insurance from natural and man-made disaster either by the Government Service Insurance System (GSIS) or by a self-insurance system in the form of a Common Trust Fund that the Authority may establish for the purpose for all the public railway operators.

SEC. 97. *Passenger's Insurance Coverage.* - Each and every rail passenger shall be covered by accident insurance by the rail operators, government or private, in the amount of One Hundred Thousand Pesos (P100,000.00) in case of death, not more than Fifty Thousand Pesos (P50,000.00) in case of an injury exclusive of medical and hospitalization expense, and Seventy Five Thousand Pesos (P75,000.00) in case of incapacity exclusive of medical and hospitalization expense.

SEC. 98. *Premiums.* - After five (5) years from the date of the establishment of the Common Trust Fund and every three (3) years

thereafter, a portion of the trust fund may be used for rail projects and programs by 2/3 vote of the members of the Board of Directors of the Philippine National Railway Authority.

SEC. 99. *Fund Administrator.* - The Common Trust Fund authorized under this article may be administered by a group of financial experts when in judgment of the Board the need for it arises, otherwise, the Authority shall administer and manage such fund.

ARTICLE XXVIII ACCOUNTABILITY

SEC. 100. *Accountability.* - To ensure public accountability, the Authority shall be subject to the audit of the Commission on Audit (COA) and shall comply with all the generally accepted accounting and auditing rules and regulations and those which the commission may promulgate from time to time pursuant to its constitutional mandate.

SEC. 101. *Transparency.* - The Authority and its subsidiaries shall be transparent in all its affairs and financial transactions.

ARTICLE XXIX PUNISHABLE ACTS AND ADMINISTRATIVE PENALTIES

SEC. 102. *Intrusion.* - The entry, intrusion, occupation, settlement, possession and construction on the properties described in the section 2, Article XII hereof shall be considered a crime against property and punishable by imprisonment ranging from six (6) months and one (1) day to two (2) years and or fined in an amount not lower than Ten Thousand (P10, 000. 00) as maybe determined by the court.

SEC. 103. *Obstructions.* - Any person who obstructs or impedes the construction, operation, repair, maintenance and removal of any track, rolling stock or railway facilities shall be criminally liable and the punishment by imprisonment ranging from two (2) years and one (1) day to three (3) years.

SEC. 104. *Theft of Railway Property.* - Any person who is found to have stolen any part of a track or rolling stock shall be punished by imprisonment of 1) Twelve (12) days and Six (6) months to Fifteen (15) years and One (1) day and a fine of One Hundred Thousand (P100, 000. 00) Pesos or both at the direction of the Court.

SEC. 105. *Administrative Penalties.* - The Authority may impose a fine or penalty or both against the operator and/or its agents who committed any or all of the following acts of violations.

- a) Exceeding the authorized speed limit of his rolling stock shall be punished with 1) First Offense – Fine of One Hundred Thousand Pesos; 2) Second Offense – Fine of Three Hundred Thousand Pesos; 3) Fine of Five Hundred Thousand Pesos;
- b) Failure to properly maintain the system resulting to Service Interruption shall be fined 1) First Offense – Fifty to One

Hundred Thousand Pesos; 2) Second Offense – One Hundred to Two Hundred Thousand Pesos; 3) Third Offense – Two Hundred to Three Hundred Thousand Pesos; and

- c) Failure to secure Annual Passengers Insurance Coverage shall be fined Ten Million Pesos.
- d) Failure to operate – shall be fined with One Million Pesos for every day of non-operation, and cancellation of its Franchise or Authority after 30days of non operation, except when caused by force majeure or fortuitous event.
- e) Failure to Comply with Safety and Security Regulations resulting to injury or loss of life and damage to property shall be fined with Fifty Thousand Pesos for injury and Three Hundred Thousand for every loss of human life.
- f) Failure to maintain adequate spare parts inventory shall be fined with an amount equivalent to the cost of the required spare parts.
- g) Failure to maintain a maintenance and accident record shall be fined with shall be fined with 1) First Offense – One Hundred Thousand Pesos; 2) Second Offense – Two Hundred Thousand Pesos; 3) Third Offense – Three Hundred Thousand Pesos.
- h) Failure to Comply with regulations on cleanliness and sanitation shall be fined with 1) First Offense – One Hundred Thousand Pesos; 2) Second Offense – Two Hundred Thousand Pesos; 3) Third Offense – Three Hundred Thousand Pesos; and
- i) Failure to comply with and execute orders, decisions and similar issuances of the Philippine National Railway Authority shall be fined with One Hundred Thousand Pesos for every day of non compliance.

ARTICLE XXX BUDGETARY SUPPORT

SEC. 106. *Initial Funding Support.* - The Amount of Five Hundred Million (P500, 000, 000. 00) Pesos and Fifty Million (P50, 000, 000. 00) Pesos for the Authority and the Railway Regulatory Board, respectively, is hereby appropriated out of the unprogrammed fund in the 2009 General Appropriation of these two (2) bodies.

SEC. 107. *Annual Budgetary Support.* - The annual budgetary requirements of the Authority and the Railway Regulatory Board and other railway institution created n the Act shall be provided in the Annual General Appropriations Act.

**ARTICLE XXXI
APPLICABILITY OF THIS ACT**

SEC. 108. *Application of this Act.* - This act applies to the development and implementation of Railway Projects and the operations of railway systems, both Public and Private, in the Philippines.

**ARTICLE XXXII
APPLICABILITY OF EXISTING LAWS AND REGULATIONS**

SEC. 109. *Applicability.* - In so far as they are not inconsistent with this Act, the provision of the Corporation Law and Republic Act 6957 otherwise known as "An Act Authorizing the Financing, Construction, Operations and Maintenance of Infrastructure Projects by the Private Sector and for other purposes" shall be applicable to the operation of the National Railway Authority.

**ARTICLE XXXIII
CONGRESSIONAL OVERSIGHT COMMITTEE**

SEC. 110. *Congressional Oversight Committee.* - A Congressional Oversight Committee is hereby created, composed of the Chairpersons of the Committee on Public Services of the Senate and the Committee on Transportations and Communications of the House of the Representatives and four (4) additional members from each Houses, to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The Oversight Committee, shall among others, monitor and ensure the effective implementation of this Act.

**ARTICLE XXXIV
SEPARABILITY AND REPEALING CLAUSES**

SEC. 111. *Separability Clause.* - If any of the provisions of this Act is declared invalid, the provisions thereof not affected by such declaration shall remain in force and effect.

SEC. 112. *Repealing Clause.* - The provisions of Republic Act No. 1156, as amended. Executive Order No. 603, as amended are hereby repealed. All other laws, decrees, orders, proclamations, rules and regulations or parts thereof, inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

**ARTICLE XXXV
EFFECTIVITY**

SEC. 113. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,