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REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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SENATE

S. B. No. 1380

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

This bill seeks to establish the National Railway Authority which shall rationalize government programs to accelerate the development of the national railway system in the country.

The efficient and reliable system to facilitate movement of goods, services and people is essential for the growth of commerce and industry in the country. It is also important in providing timely services that would have to be sourced from urban centers such as Metro Manila. The Philippine National Railways (PNR) owns and operates a railway network measuring 491 km running along the Main Line South from Manila to the province of Albay. There used to be a Main North Line running from Manila to La Union but is no longer operational.

The PNR is a government-owned and controlled corporation that has been running on a deficit and heavily depends on government subsidies to sustain its operations. The World Bank estimates its total loss as of 2003 at US\$12.2 million and "with total revenues barely meeting personnel expenses". The Bank cites reason why this is so, among others: the lack of rolling stock, insufficient capacity, poor ridership, inefficient ticketing system and rundown stations.

Accelerating the development of the Philippine railway system will greatly contribute in the thrust towards socio-economic development. However, the current policy and institutional capacity of the governing bodies related to the railway system development in the country needs to be revitalized.

This bill addresses the need to rationalize the functions of policy, planning and regulation and restructure the operations and delivery of train services. The bill provides for the creation of the National Railway Authority which shall, among others, formulate and pursue comprehensive railway development plan, promote active participation and private sector investments, regulate construction, operation and maintenance of railway facilities.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


LOREN LEGARDA
Senator

SENATE

S.B. NO 1380

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AN ACT
ACCELERATING THE DEVELOPMENT OF A NATIONAL RAILWAY
SYSTEM, CREATING FOR THE PURPOSE THE NATIONAL RAILWAY
AUTHORITY, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES AND
FOR OTHER PURPOSES

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

1 **SECTION 1. *Title.*** - This Act shall be known as the "National Railways Act
2 of 2010".

3
4 **SECTION 2. *Declaration of Policy.*** - It is hereby declared the policy of the
5 State to promote, accelerate and develop an integrated national railway system to
6 provide and maintain an adequate, efficient, inexpensive, convenient and reliable
7 public transport system responsive to the requirements for the socio-economic
8 development of the country.

9
10 **SECTION 3. *Creation of the National Railway Authority.*** - There is hereby
11 created a corporate body to be known as the National Railway Authority (NRA),
12 hereinafter referred to as the "Authority". It shall have its principal office in the
13 Metropolitan Manila area, but may establish such branches and agencies in the other
14 local government units in the country, as may be necessary for the proper conduct of
15 its business and discharge of its function. It shall be under the direct control and
16 supervision of the Office of the President.

17
18 **SECTION 4. *Functions of the NRA.*** - The Authority shall have the following
19 functions:
20

- 1 a) Formulate and adopt a comprehensive development plan for a national
2 railway system with ecological and environmental standards;
- 3 b) Promote and encourage the active participation of the private sector, both
4 local and international, in the development and implementation of a
5 comprehensive development plan;
- 6 c) Implement or cause the implementation of the national railway plan, policies
7 and programs according to a schedule of priorities consistent with needs and
8 available resources;
- 9 d) Control and develop, construct, operate, and maintain railway facilities
10 including parking station and terminals for freight, goods and cargoes;
- 11 e) Regulate and schedule frequency, routing and pricing of railway services;
- 12 f) Call upon any government agency for such assistance as may be necessary in
13 the discharge of its duties and functions.

14
15 **SECTION 5. *General Powers of the NRA.*** - The NRA will have the following
16 powers:

- 17
- 18 a) To have continuous succession under its corporate name;
- 19 b) To sue and be sued;
- 20 c) To adopt, alter and use a corporate seal;
- 21 d) To amend, and repeal its by-laws;
- 22 e) To acquire, own, hold, administer, and lease such real or personal property as
23 it deems necessary or convenient in the transaction of its business, and to
24 lease, mortgage, sell, alienate or otherwise dispose of any such real or
25 personal property held by it;
- 26 f) To enter into any obligation, to assign or accept the assignment of, and
27 rescind any agreement or contract necessary or incidental to the proper
28 functioning of the Authority;
- 29 g) To contract loans, indebtedness, and credit accommodation, in any local or
30 convertible foreign currency, from any international financial institutions,
31 foreign government entities, and local and foreign private commercial banks
32 or similar institution under terms and conditions prescribed by law, rules and
33 regulations, and to issue commercial papers and bonds in connection
34 therewith;
- 35 h) To invest its funds and other assets in such areas it may deem proper in the
36 course of its operations;

- 1 i) To construct, own, lease, operate and maintain public utilities, infrastructure
2 facilities and such auxiliary support services needed to develop, operate and
3 maintain a national railway system;
- 4 j) To design, construct, maintain and operate by itself or by delegation to or
5 through contractual arrangement, such auxiliary infrastructure support
6 facilities as, but not limited to, parking structures above or below ground,
7 including the means of access;
- 8 k) To fix rates of railway transportation fees;
- 9 l) To regulate rate of fees, such as but not limited to, parking fees, portorage
10 fees and such other fees levied in relation with the use of the railway system;
- 11 m) To prescribe, fix and regulate the route of railway transport;
- 12 n) To receive donations; grants, requests and assistance of all kinds and to
13 utilize the same.
- 14 o) To exercise the right of eminent domain in the name of the Republic of the
15 Philippines and in the acquisition of real estate by excess condemnation or
16 escheat proceedings; including appurtenant properties. The title thereto shall
17 be registered in the name of the Government and thereupon all such
18 properties shall be entrusted to the Authority as agent of the Government;
- 19 p) To form, establish, organized and maintain subsidiary corporations or joint
20 venture formed in accordance with the Philippine Corporation Code, to
21 encourage public and private sector participation in the development of the
22 railway system;
- 23 q) To promulgate such rules and regulations as may be necessary to carry out
24 the objectives of this Act;
- 25 r) To perform such other powers as may be necessary to carry out the purposes
26 of this Act.

27

28 **SECTION 6. *Conduct of Comprehensive Studies.*** - The Authority, in
29 coordination with such other government agencies as may be necessary, shall
30 undertake comprehensive studies for the rehabilitation and/or construction of, but
31 not limited to, such railway lines extending to San Fernando, La Union to Laoag,
32 Ilocos Norte to Metro Manila passing through Cagayan, Isabela, Nueva Viscaya,
33 Nueva Ecija, and Bulacan; south line rail extension from Comun, Camalig, Albay to
34 Matnog, Sorsogon through Bulan, Sorsogon; a Libmanan-Daet line, a railway line
35 from Iloilo City to Roxas City in Panay, and a line from Iligan City to Cagayan de
36 Oro City in Mindanao.

1
2 **SECTION 7. Board of Directors.** - The powers of the Authority shall be
3 vested in and exercised by a Board of Directors, hereinafter referred to as the
4 "Board", which shall be composed of seven (7) members to be appointed by the
5 President of the Philippines.

6
7 The Chairman and the three (3) members of the Board shall serve for four (4)
8 years while the remaining three (3) members shall serve three (3) years. Any
9 member of the Board may be suspended or removed by the President at any time for
10 cause. In the event of a vacancy in the Board, the appointees shall serve the
11 unexpired term of the predecessor.

12
13 No member of the Board shall be appointed unless he is a natural born citizen
14 of the Philippines, at least thirty-five (35) years of age, of good moral character,
15 competent and experienced in one or more of the following fields: transport
16 planning, engineering, economics management, finance, corporate and
17 transportation law, and marketing.

18
19 The Chairman of the Board shall be designated by the President from among
20 the members of the Board.

21
22 **SECTION 8. Powers and Functions of the Board.** - The Board shall have the
23 following powers and functions;

- 24
25 a) To formulate policies, plans and programs, projects, rules and regulations to
26 effectively carry out the function of the Authority;
- 27 b) To direct the management, operations and administration of the Authority;
- 28 c) To create offices or position necessary for the efficient operation of the
29 Authority; to appoint and fix the remuneration and other emoluments of
30 subordinate officers and personnel of the Authority in accordance with the
31 Revised Compensation and Position Classification System, and to remove or
32 otherwise discipline such officers/employees for cause in accordance with
33 Civil Service Rules and Regulations;
- 34 d) Establish financial and operation performance targets for management as
35 basis for evaluating and monitoring corporate performance;

- 1 e) To authorize such expenditures as are in the interest of the effective and
2 efficient administration and operation of the Authority; and
3 f) To exercise such other powers as may be necessary to accomplish the
4 purposes for which the Authority was organized.

5
6 **SECTION 9. *Management.*** - The general conduct of the operation and
7 management of the Authority shall be vested in a President who shall serve as the
8 Chief Executive Officer primarily for carrying out the program of the Authority and
9 the policies of the Board.

10
11 The President/Chief Executive Officer must be a natural-born citizen, at least
12 thirty five (35) years of age on the day of appointment, of good moral character and
13 with recognized executive ability and competence in the field of transportation,
14 business administration, management, finance or law. She/He shall be appointed by
15 the President of the Philippines and shall serve for a term of six (6) years.

16
17 **SECTION 10. *Duties and Responsibilities of the President.*** - The
18 President/Chief Executive Officer of the Authority shall have the following duties
19 and responsibilities;

- 20
21 a) To execute, administer and implement the policies, programs, plans,
22 guidelines, rules and regulations issued and adopted by the Board;
23 b) To direct and supervise the operation and administration of the NRA;
24 c) To determine, with the approval of the Board, the staffing pattern and
25 number of personnel of the NRA;
26 d) To direct and supervise the preparation of the agenda for the meeting of the
27 Board, and to submit for the consideration of the Board such policies and
28 measures as he believes necessary to carry out the purposes and objective of
29 this Act;
30 e) To represent the Authority in all dealing with other offices, agencies and
31 instrumentalities of the Government and with all the persons and entities,
32 public or private, domestic or foreign; and
33 f) To exercise such other powers and function as the Board may assign or
34 authorize.

35

1 **SECTION 11. *Public Accountability.*** - To ensure public accountability, the
2 Authority shall be subject to audit by the Commission on Audit (COA) and shall
3 comply with all the generally accepted accounting and auditing rules and
4 regulations and those, which it may hereafter promulgate pursuant to its
5 constitutional mandate.

6
7 **SECTION 12. *Merit System.*** - All officials and employees of the Authority
8 shall be selected and appointed on the basis of merit and fitness in accordance with
9 the comprehensive and progressive merit system to be established by the Authority
10 immediately upon its organization in accordance with Civil Service law, rules and
11 regulations. The recruitment, transfer, promotion, and dismissal of all its personnel
12 including temporary workers shall be governed by such merit system.

13
14 **SECTION 13. *Prohibition against Issuance of Restraining Orders and***
15 ***Preliminary Injunctions or Preliminary Mandatory Injunctions.*** - No court in the
16 Philippines, except the Supreme Court, shall have jurisdiction to issue any
17 restraining order, preliminary injunction, or preliminary mandatory injunction in
18 any case, dispute, or controversy involving the NRA, to prohibit any person or
19 persons, entity or government official from proceeding with, or continuing the
20 execution or implementation of any such contract or project, any lawful activity
21 necessary for the execution, implementation or operation of such contract or project.

22
23 **SECTION 14. *Abolition of the Philippine National Railway and the Light***
24 ***Rail Transit Authority.*** - The Philippine National Railway and the Light Rail
25 Transit Authority are hereby abolished. Their powers and functions, balance of
26 appropriations and all applicable funds, records, assets, and property are transferred
27 to and absorbed by the Authority. The Authority shall succeed to all rights and
28 assume all contracts and liabilities of the abolished agencies in accordance with the
29 Auditing code and other pertinent laws, rules and regulations.

30
31 The existing qualified personnel of the Philippine National Railways and
32 Light Rail Transit Authority covered by Civil Service law, rules and regulations shall
33 be absorbed by the Authority. Those incumbents whose positions are not included
34 therein or who are not re-appointed shall be deemed separated from the service or
35 retired under existing laws and regulations.

36

1 **SECTION 15. *Applicability of the Corporation Code.*** - Insofar as they are
2 not inconsistent with this Act, the provisions of the Corporation Code shall be
3 applicable to the operations of the Authority.

4
5 **SECTION 16. *Congressional Oversight Committee.*** - A Congressional
6 Oversight Committee is hereby created, composed of the Chairperson of the
7 Committee on Public Services and the Committee on Government Corporations of
8 the Senate and the Chairperson of the Committee on Transportation and
9 Communications and the Committee on Government Enterprises and Privatization
10 of the House of Representatives and four (4) additional members from each House,
11 to be designated by the Senate President and the Speaker of the House of
12 Representatives, respectively. The Oversight Committee shall, among others,
13 monitor and ensure the effective implementation of this Act.

14
15 **SECTION 17. *Separability Clause.*** - If any of the provisions of this Act is
16 declared invalid, the provisions thereof not affected by such declaration shall remain
17 in force and effect.

18
19 **SECTION 18. *Repealing Clause.*** - The provisions of Republic Act No. 4156,
20 as amended, Republic Act No.6366, Presidential Decree No. 741, Executive Order
21 No. 603 and Executive Order No. 210, are hereby repealed. All other laws, decrees,
22 orders, proclamations, rule and regulations or parts thereof inconsistent with the
23 provisions of this Act are hereby repealed, amended or modified accordingly.

24
25 **SECTION 19. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days
26 following its publication in at least two (2) newspapers of general circulation.

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28 Approved,