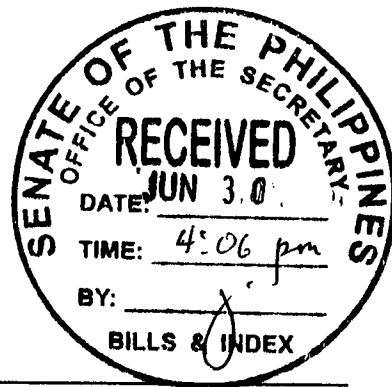


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE
S. No. 103



Introduced by Senator Richard "Dick" J. Gordon

**AN ACT CREATING THE MINDANAO RAILWAY CORPORATION TO ESTABLISH
THE MINDANAO RAILWAY SYSTEM, AUTHORIZING THE ISSUANCE OF BONDS
AND APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

It is essential to facilitate transportation for both people and goods to spur economic growth and development in Mindanao. The Mindanao Railway System can successfully provide this means of transportation. To invest money and time in the Mindanao Railway System would be risky beyond anything ever before attempted, but when it is completed, it would link the entire island of Mindanao, forever changing the nature of Mindanao's politics and economy.

Mindanao is known as the Land of Promise, yet until the present, the State has failed to maximize the potential of the island to contribute to regional and national economic development. The creation of the Mindanao Railway Corporation is a crucial step in the State's efforts to fully harness the natural and human resources of Mindanao for the benefit of the island's inhabitants and the Filipino people as a whole.

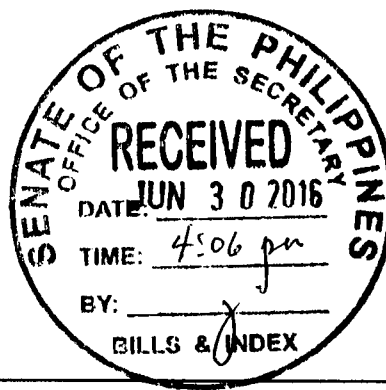
This bill proposes to create the Mindanao Railway Corporation to establish the Mindanao Railway System that will provide and maintain an adequate and efficient railway transportation to promote economic development in Mindanao.



RICHARD "DICK" J. GORDON
Senator

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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 Mindanao Railway Act.

2 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
3 establish the Mindanao Railway System that will provide and maintain an adequate and
4 efficient railway transportation to promote economic development in Mindanao.

5 Sec. 3. *Purposes.* – This Act shall have the following purposes:

6 (1) To establish the Mindanao Railway System;

7 (2) To develop, operate, and maintain railway transportation in Mindanao;

8 (3) To create the Mindanao Railway Corporation to establish the Mindanao
9 Railway System; and

10 (4) To provide an adequate and efficient Mindanao Railway System to meet the
11 needs and service requirements of the people in Mindanao.

12 Sec. 4. *Mindanao Railway Corporation.* – The Mindanao Railway Corporation is
13 hereby created as a corporate body to serve as the instrumentality of the Government
14 of the Philippines to establish the Mindanao Railway System for the whole island of
15 Mindanao.

16 Sec. 5. *Powers and Functions.* – The Mindanao Railway Corporation shall have
17 the following powers and functions:

18 (1) To formulate, adopt, and implement a comprehensive development plan for
19 the Mindanao Railway System;

20 (2) To promote and encourage the participation of local governments and the
21 private sector in the establishment of the Mindanao Railway System;

22 (3) To develop, construct, operate, and maintain, directly or indirectly, the
23 Mindanao Railway System, including but not limited to stations, terminals, and
24 warehouses;

25 (4) To prescribe, fix and regulate the schedule, frequency, routing and pricing of
26 railway transportation fees, and other service fees of the Mindanao Railway System;

1 (5) To enter into any obligation, assign, or accept the assignment of any
2 agreement or contract;

3 (6) To contract loans, indebtedness, and credit accommodations, in any local or
4 convertible foreign currency, from any international financial institution, foreign
5 government entities, and foreign or local private commercial banks or similar institutions
6 under terms and conditions prescribed by law;

7 (7) To issue commercial papers and bonds;

8 (8) To exercise the powers set out in the Corporation Code;

9 (9) To invest its funds and other assets;

10 (10) To enter into management contracts;

11 (11) To create executive and other committees;

12 (12) To construct, own, lease, operate, and maintain, directly or indirectly, public
13 utilities and infrastructure facilities and such auxiliary support services needed for the
14 Mindanao Railway System;

15 (13) To design, construct, operate and, maintain, directly or indirectly, through
16 contract such auxiliary infrastructure support facilities;

17 (14) To receive donations, grants, bequests, and assistance of all kinds and to
18 utilize the same;

19 (15) To exercise the right of eminent domain;

20 (16) To form, establish, organize, and maintain subsidiary corporations or joint
21 ventures to encourage local government and private sector participation in the
22 development of the Mindanao Railway System;

23 (17) To encourage private investment in the Mindanao Railway System; and

24 (18) To promulgate rules and regulations, and perform such other powers and
25 functions as may be necessary, appropriate, or incidental to this Act.

26 *Sec. 6. Comprehensive Development Plan.* – The Mindanao Railway Corporation
27 shall undertake, directly or indirectly, a comprehensive development plan of the
28 Mindanao Railway System to provide an adequate and efficient railway transportation.

29 *Sec. 7. Right of Way.* – The right of way through the lands where the railway
30 lines shall pass based on the comprehensive development plan shall be granted to the
31 Mindanao Railway Corporation for the construction of the Mindanao Railway System.
32 The right to acquire the lands adjacent to the railway lines shall also be granted to the
33 Mindanao Railway Corporation, including but not limited to the necessary areas for
34 stations, terminals, warehouses, parking structures, and other facilities. The Mindanao
35 Railway Corporation, together with the assistance and cooperation of other national and
36 local government units, shall promptly remove all squatters, nuisances, and obstructions
37 in the Mindanao Railway System. To aid in the construction of the railway and secure

1 the safe and speedy transportation of people and goods, alternate sections of land on
2 each side of the railway on the line thereof shall also be secured.

3 Sec. 8. *Tax Exemption.* – All properties, whether real or personal, actually,
4 directly, and exclusively used in the Mindanao Railway System shall be exempt from
5 national and local taxation for a period of ten (10) years from the effectivity of this Act.

6 Sec. 9. *Board of Directors.* – The Board of Directors shall be composed of seven
7 (7) members to be appointed by the President to serve for a term of six (6) years, to wit:

8 (1) One (1) representative from the Department of Transportation;

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

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

12 (4) One (1) representative from the National Economic Development Authority;
13 and

14 (5) Three (3) representatives from the private sector, preferably residents of
15 Minanao, who shall be Filipino citizens, of good moral character, and of proven
16 competence in transport planning, engineering, management and economics, finance,
17 law, public utility, or other transport related fields.

18 Sec. 10. *Powers and Functions of the Board of Directors.* – All powers and
19 functions of the Mindanao Railway Corporation shall be vested in and exercised by a
20 Board of Directors. The Board of Directors shall also have the following powers and
21 functions:

22 (1) To formulate the comprehensive development plan, and policies and
23 programs of the Mindanao Railway System;

24 (2) To direct the management, operation, and administration of the Mindanao
25 Railway System;

26 (3) To create offices or positions necessary for the effective and efficient
27 operation of the Mindanao Railway System, to appoint subordinate officers and
28 personnel of the Mindanao Railway System and fix their remuneration and other
29 emoluments, and to remove or otherwise discipline such officers and personnel;

30 (4) To establish performance targets as basis for evaluating and monitoring
31 performance;

32 (5) To authorize expenditures as are in the interest of the effective and efficient
33 operation of the Mindanao Railway System; and

34 (6) To exercise such other powers as may be necessary to accomplish the
35 purposes for which the Mindanao Railway Corporation was organized.

36 Sec. 11. *President and General Manager.* – The Mindanao Railway Corporation
37 shall be headed by a President and General Manager who shall be primarily
38 responsible for carrying out the comprehensive development plan of the Mindanao

1 Railway System and the policies and programs of the Board of Directors. The President
2 and General Manager shall be a Filipino citizen, of good moral character, a person of
3 proven competence and leadership capability, and possessed with at least ten (10)
4 years experience and background in management or public administration from a
5 reputable institution. The President and General Manager shall be appointed by the
6 President and shall have a term of six (6) years.

7 *Sec. 12. Duties and Responsibilities of the President and General Manager. –*

8 The President and General Manager of the Mindanao Railway Corporation shall have
9 the following duties and responsibilities:

10 (1) To execute, administer, and implement the comprehensive development plan,
11 and policies and programs of the Board of Directors;

12 (2) To direct and supervise the operations and administration of the Mindanao
13 Railway Corporation;

14 (3) To direct and supervise the preparation of the agenda for the meetings of the
15 Board of Directors, and to submit for the consideration of the Board of Directors such
16 measures as may be necessary to carry out the purposes of this Act;

17 (4) To represent the Mindanao Railway Corporation in all its dealings; and

18 (5) To exercise such other powers and functions as the Board of Directors may
19 assign or authorize.

20 *Sec. 13. Subsidiaries. –* The Mindanao Railway Corporation shall have the power
21 to form, establish, organize, and maintain subsidiaries to implement the provisions of
22 this Act. Such subsidiaries shall be formed in accordance with Philippine law.

23 *Sec. 14. Bonds. –* The Mindanao Railway Corporation is authorized to issue
24 bonds, which bonds may be sold to obtain funds to build the Mindanao Railway System.
25 Such bonds shall be in such forms and denominations, shall mature within such periods
26 of not more than fifty (50) years from the date of their issue, may be redeemable at the
27 option of the Mindanao Railway Corporation before maturity in such manner as may be
28 stipulated therein, and shall be subject to such terms and conditions, issued in such
29 manner and amount, and sold at such prices as may be prescribed by the Mindanao
30 Railway Corporation.

31 *Sec. 15. Injunction and Restraining Order. –* The implementation of the
32 provisions of this Act is of national interest and shall not be restrained or enjoined
33 except by an order issued by the Supreme Court of the Philippines.

34 *Sec. 16. No Strike. –* Railway transportation is an indispensable service of
35 national interest and employees engaged in its operation shall not have the right strike.

36 *Sec. 17. Appropriation. –* The amount of one hundred million pesos
37 (PhP100,000,000) or such amount as may be necessary to carry out the purposes of
38 this Act is hereby authorized to be appropriated.