
Executive Order No. 603, s. 1980

Signed on July 12, 1980

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 603

CREATING A LIGHT RAIL TRANSIT AUTHORITY, VESTING THE SAME WITH AUTHORITY TO CONSTRUCT AND OPERATE THE LIGHT RAIL TRANSIT (LRT) PROJECT AND PROVIDING FUNDS THEREFOR

WHEREAS, the economic growth, stability and security of the Nation require an efficient, adequate, economical, safe, convenient, and dependable transportation system that shall truly be responsive to the demands of the populace consistent with the total scope of metropolitan needs;

WHEREAS, Metropolitan Manila, as the premier metropolis of the country, requires an efficient mass transportation system which can provide its people with safe, fast and reliable mobility;

WHEREAS, a Metropolitan Manila transportation, land use and development planning study was conducted to guide transportation investments and operations, and such study indicates that a light rail transit system is recommended, among others, to alleviate the worsening traffic and transportation situation in Metropolitan Manila, within the context of a rational land use pattern;

WHEREAS, it is imperative to provide an organizational structure that will oversee the effective implementation of the light rail transit project, including the construction and operation thereof;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of powers vested in me by Presidential Decree No. 1416, do hereby order the creation and organization of a Light Rail Transit Authority.

ARTICLE 1

DECLARATION OF POLICY AND CREATION OF THE LIGHT RAIL TRANSIT AUTHORITY

SEC. 1 – Declaration of Policy. – It is hereby declared to be the policy of the State to promote, encourage, and protect the mutual intermodal and intramodal complementation, cooperation, and synchronization of the common carrier services in the most practicable, expeditious, and organized manner with maximum safety, utility, service, and cost effectiveness, as goals for both the public who avail of these facilities and the investors/operators who provide the transportation services; to foster sound economic conditions within the transportation industry and among the several modes and common carriers, in order that a healthy, dynamic, and strong private sector can meet the transportation requirements of the Nation, among others, and in the pursuit thereof, the government and the private sector shall interact effectively by performing functions and pursuing priorities for which each is best suited and, at the same time, reinforcing and complementing each other.

SEC. 2. Creation of Authority. – To carry out the foregoing transportation policy, there is hereby created a corporate body to be known as the LIGHT RAIL TRANSIT AUTHORITY, hereinafter called

construction, operation, maintenance, and/or lease of light rail transit systems in the Philippines, giving due regard to the reasonable requirements of the public transportation system of the country. The principal office of the Authority shall be in the Metropolitan Manila Area, but it may establish branches and agencies elsewhere within the Philippines, as may be necessary for the proper conduct of its business and the discharge of its functions. The Authority shall be attached to the Ministry of Transportation and Communication.

The Authority shall conduct its business, according to prudent commercial principles and shall ensure, as far as possible, that its revenues for any given year are, at least sufficient to meet its expenditures. Any excess of revenues over expenditure in any fiscal year may be applied by the Authority in any way consistent with this Order, including such provisions for the renewal of capital assets and the repayment of loans, as the Authority may consider prudent.

SEC. 3. Board of Directors. – The powers and functions of the Authority shall be vested in and exercised by the Board of Directors composed of the Minister of Human Settlements as Chairman; Minister of Transportation and Communications as Vice Chairman; the Minister of Finance, the Minister of Economic Planning, the Minister of Public Highways, the Minister of the Budget, the Chairman of the Board of Transportation, and the Administrator of the Authority, as ex-officio members; and one (1) representative from the private sector to be appointed by the President. The appointed director shall serve for a term of two (2) years.

The officials next in rank to, or such officials duly designated by, the regular members shall serve as alternate members, except that, in the absence of the Chairman, the Board shall elect a temporary presiding officer. The alternate members shall attend meetings of the Board and committees assigned to them by their principals and

receive the corresponding per diems, whenever their principals are absent or said positions are vacant.

The Chairman and each Member of the Board shall receive a monthly commutable representation allowance of ONE THOUSAND (P1,000.00) PESOS and per diem of TWO HUNDRED (P200.00) PESOS for every meeting of the Board actually attended: Provided, That the total amount of per diems which each may receive shall not exceed ONE THOUSAND (P1,000.00) PESOS a month.

ARTICLE 2

CORPORATE POWERS

SEC. 4. General Powers. – The Authority, through the Board of Directors, may undertake such action as are expedient for or conducive to the attainment of the purposes and objectives of the Authority, or of any purpose reasonably incidental to or consequential upon any of these purposes. As such, the Authority shall have the following general powers:

- (1) To have continuous succession under its corporate name, until otherwise provided by law;
- (2) To prescribe, amend, and/or repeal its by-laws;
- (3) To adopt and use a seal and alter it at its pleasure;
- (4) To sue and be sued;
- (5) To contract any obligation or enter into, assign or accept the assignment of, and vary or rescind any agreement, contract of obligation necessary or incidental to the proper management of the Authority;

(6) To borrow funds from any source, private or public, foreign or domestic, and to issue bonds and other evidence of indebtedness, the payment of which shall be guaranteed by the National Government, subject to pertinent borrowing law;

(7) To acquire, receive, take, and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, from foreign and domestic sources, any assets, grant or property, real or personal, subject to such limitations as are provided in existing laws; to convey or dispose of such assets, grants, or properties, movable and immovable; and invest and/or reinvest such proceeds and deal with and expand its assets and income in such a manner as will best promote its objectives;

(8) To improve, develop or alter any property held by it;

(9) To carry on any business, either alone or in partnership with any other person or persons;

(10) To employ an agent or contractor or perform such things as the Authority may perform;

(11) To exercise the right of eminent domain, whenever the Authority deems it necessary for the attainment of its objectives;

(12) To prescribe rules and regulations in the conduct of its general business as well as to fix and implement the terms and conditions of its related activities;

(13) To determine the fares payable by persons travelling on the light rail system, in consultation with the Board of Transportation;

(14) To establish, operate, and maintain branches or field offices when required by the exigencies of its business;

(15) To determine its organizational structure and the number, positions and salaries of its personnel, subject to pertinent organization and compensation law; and

(16) To exercise such powers and perform such duties as may be necessary to carry out the business and purposes for which the Authority was established or which, from time to time, may be declared by the Board of Directors to be necessary, useful, incidental or auxiliary to accomplish such purposes; and generally, to exercise all powers of an Authority under the Corporation Law that are not inconsistent with the provisions of this Order, or with orders pertaining to government corporate budgeting, organization, borrowing, or compensation.

SEC. 5. Specific Powers. – The Board shall have the following specific powers:

(1) To provide comprehensive policy guidance for the development, operation, and promotion of a light rail transit system as provided for in this Order;

(2) To formulate a comprehensive and practicable plan/program for the early completion of an LRT system in Metropolitan Manila; to employ the necessary consultancy services therefor and to organize, and employ personnel for a Project Management Office that will supervise the construction of the said Metropolitan Manila LRT system;

(3) To borrow or otherwise raise money and charge all or any part of its properties as security therefor;

(4) To create and issue bonds, notes or other securities which may be charged on the property, undertaking and/or revenue of the Authority of any part thereof;

- (5) To invest any funds of the Authority available for investment;
- (6) To cooperate, coordinate, and exchange such information, studies, and reports with, and to seek the cooperation of other agencies and instrumentalities of the National Government including government-owned or controlled corporations, as will be most effectively conducive to the achievement of the purposes of this Order;
- (7) To provide managerial or administrative expertise including the rendering of professional and training services for the development of the staff and employees of the Authority;
- (8) To issue orders, not inconsistent with this Order, negotiating the work and conduct of its personnel;
- (9) To appoint, discipline, and remove personnel of the Authority in accordance with laws;
- (10) To recommend to the President, through the National Economic and Development Authority, the establishment of light rail transit systems, where feasible, in other parts of the country;
- (11) To report annually to the President of the Philippines on the status of its operations and finances, not later than three (3) months after the year end; and
- (12) To perform such acts as are proper and necessary to carry out the purposes of the Authority.

ARTICLE 3

BORROWING AUTHORITY

SEC. 6. Domestic Indebtedness. – Whenever the Board deems it

loans with domestic financial institutions or to issue bonds to carry out the purpose for which the Authority has been organized, it shall, by resolution, so declare and state the purpose for which the proposed debt is to be incurred and such terms and conditions as it shall deem appropriate for the accomplishment of the said purpose; Provided, That in the case of bond issued, the same shall be subject to the approval of the President of the Philippines, upon recommendation of the Minister of Finance.

The bonds issued under the authority of this section shall be exempt from the payment of all taxes by the Republic of the Philippines, or by any authority, branch, division or political subdivision thereof, which parts shall be stated upon the face of said bonds.

A sinking fund shall be established by the Authority in such manner that the total annual contribution thereto, accrued at such rate of interest as may be determined by the Minister of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this section. The sinking fund shall be under the custody of the Central Bank of the Philippines, which shall invest the same, subject to the approval of the Board and the Minister of Finance in consultation with the Monetary Board: Provided, That the proceeds thereof shall accrue to the Authority.

The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of the bonds or other evidences of indebtedness and shall pay such principal and interest, in case the Authority fails to do so. Provided, That the sums so paid by the Republic of the Philippines shall be refunded by the Authority; and Provided, further, That the Authority, to assure such refunding, shall establish reserves or sinking funds and comply with

such other restrictions and conditions as the Minister of Finance may prescribe and establish for that purpose.

SEC. 7. Foreign Loans. – The Authority is hereby authorized to contract loans, credits or indebtedness in any convertible foreign currency or capital goods, from foreign governments or any international financial institutions or fund source, or to issue bonds, the total outstanding amount of which, exclusive of interests, shall not exceed \$300 million or the equivalent thereof in other currencies, on such terms and conditions as it shall deem appropriate for the accomplishment of its purposes and to enter into and execute agreements and other documents specifying such terms and conditions.

The President of the Philippines, by himself, or through his duly authorized representative, is hereby authorized to negotiate and contract with foreign governments or any international financial institutions or fund sources, in the name and on behalf of the Authority, for the accomplishment of its purposes.

The President of the Philippines, by himself, or through his duly authorized representative, is hereby further authorized to guarantee, absolutely and unconditionally as primary obligor and not as surety merely, in the name and on behalf of the Republic of the Philippines, the payment of the loans, credits, indebtedness and bonds issued up to the amount herein authorized, which shall be over and above the amount which the President of the Philippines is authorized to guarantee under Republic Act Numbered Forty-Eight Hundred Sixty, as amended, as well as the performance of all or any of the obligations undertaken by the Authority in the territory of the Republic of the Philippines, pursuant to Loan Agreements entered into with foreign governments or any international financial institutions or fund sources.

Any loan, credit, indebtedness, contracted by the Authority and the payment of the principal, interest and other charges thereon, as well as the importation of machinery, equipment, materials, supplies, and services paid from the proceeds of any such loan, credit or indebtedness shall be exempt from all direct and indirect taxes, customs duties, fees, imposts, other charges and restrictions, including import restrictions, previously and presently imposed and to be imposed by the Republic of the Philippines, or any of its agencies and political subdivisions.

ARTICLE 4

TAX AND DUTY EXEMPTIONS

SEC. 8. Equipment, Machineries, Spare Parts and Other Accessories and Materials. – The importation of equipment, machineries, spare parts, accessories, and other materials, including supplies and services, used directly in the operations of the Light Rail System, not obtainable locally on favorable terms, out of any funds of the Authority including, as stated in Section 7 above, proceeds from foreign loans, credits or indebtedness, shall, likewise, be exempted from all direct and indirect taxes, customs duties, fees, imposts, tariff duties, compensating taxes, wharfage fees and other charges and restrictions, the provisions of existing laws to the contrary notwithstanding.

ARTICLE 5

ORGANIZATION AND MANAGEMENT

SEC. 9. Management. The management of the Authority shall be headed by an Administrator, who shall be assisted by two (2) Deputy Administrators. The LRT Administrator and Deputy Administrators shall be citizens of the Philippines, at least thirty-five (35) years old on the date of their appointments, of good moral character or

in either transport planning, management and economics, finance, law, public utility or other transport related aspects. They shall be appointed by the President.

SEC. 10. Powers and Duties of the Administrator. The Administrator shall have the following powers and duties:

(1) To implement, enforce, and apply the policies, programs, plans, standards, guidelines, procedures, decisions, rules and regulations issued, prescribed, or adopted by the Board;

(2) To undertake studies, investigations, and other activities related to the operations, on his own initiative or upon instructions of the Board, and to submit comprehensive reports and appropriate recommendations to the Board for its information and action;

(3) To undertake studies for present and future requirements of development of the LRT project expansion, in consultation with appropriate agencies;

(4) To manage the affairs of the Authority, subject to the provisions of this Order and applicable laws, orders, rules and regulations;

(5) With the approval of the Board, to determine the staffing pattern and the number of personnel of the Authority and to define their functions and duties;

(6) To regularly inspect the LRT facilities and operations and recommend measures to maintain a high standard of safe, fast and reliable service;

(7) To establish and maintain, in coordination with the appropriate government offices and agencies a regular and prompt information system regarding traffic flows, LRT operations, finance and other

(8) With the approval of the Board, to delegate such functions and duties to the Deputy Administrators or other ranking officials of the Authority for the efficient administration and management thereof;

(9) To perform such other duties as the Board may assign and such acts as may be necessary and proper to implement this Order.

SEC. 11. Supplies and Services Other Than Personnel. All purchase of supplies or contracts for services, except for personal services, entered into by the Authority, shall be done through competitive public bidding: Provided, That bidding shall not be required when an emergency, as certified by the Administrator, requires immediate delivery of the supplies or performance of the services, and the aggregate amount involved in any one purchase of supplies or procurement of services does not exceed Ten Thousand Pesos, in which case, such purchase or procurement may be made in the usual course of business: Provided, further, That the Authority's emergency purchase of supplies and services shall not exceed the amount of Fifty Thousand Pesos for any one month: Provided, finally, That in comparing bids and in making awards, the Authority shall consider such factors as the cost and relative quality and adaptability of supplies or services; the bidder's financial responsibility, skill, experience, integrity, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and the bidder's compliance with the specifications desired.

SEC. 12. Departments of the Authority. – The Authority shall establish and maintain such departments as it may deem necessary for the proper and efficient transaction and/or operation of its business. The powers and duties of the departments shall be determined by the Board: Provided, That the office of the Chief Legal Counsel of the Authority. which shall be separate and distinct

from and independent of the Office of the Government Corporate Counsel, shall advise and represent the Authority in all legal matters, procedures and actions.

SEC. 13. The Auditor. – The Chairman of the Commission on Audit shall appoint a representative who shall be the auditor of the Authority. He shall likewise appoint the necessary personnel to assist said representative in the performance of his duties. Subject to the approval of the Board of Directors of the Authority, the salaries of the Auditor and his staff shall be fixed by the Chairman of the Commission on Audit. Salaries and other expenses for the auditor's office shall be paid by the Authority. The Auditor of the Authority and personnel under him may be removed only by the Chairman of the Commission on Audit.

SEC. 14. Authority to Administer Oath. – The Chairman of the Board, the Administrator, the Deputy Administrators, and the Chief Legal Counsel of the Authority shall have the power to administer oaths in connection with the transaction of official business.

ARTICLE 6

CAPITALIZATION & FINANCING

SECTION 15. Capitalization. – The Authority shall have an authorized capital of FIVE HUNDRED MILLION PESOS (P500,000,000.00) which shall be fully subscribed by the Republic of the Philippines and other government institutions, corporations, instrumentalities, and agencies, whether national or local, within the framework of their respective charters. The authorized capital shall be used for the purpose of financing the Authority's business transactions and shall be paid as follows:

(1) The sum of TWO HUNDRED MILLION PESOS

Treasury out of appropriations available for the purpose.

(2) The balance of the authorized capital amounting to THREE HUNDRED MILLION PESOS (P300,000,000.00) shall be released from the National Treasury out of appropriations available for the purpose, or subscribed and paid by government institutions as may be authorized pursuant to this Section, with the approval of the President.

SEC. 16. Initial Debt. – The Authority shall be indebted to the Government, or any of its ministries, bureaus, agencies or offices, in a sum equal to all expenditures, directly or indirectly advanced or incurred by the Government or any of its ministries, bureaus, agencies or offices, in relation to the investigation, planning and/or construction of the light rail transit system. The Minister of Finance shall, upon prior notice, determine the accuracy and reasonableness of such advances or indebtedness.

ARTICLE 7

PENALTIES

SEC. 17. Penalties. – Any person who wilfully or maliciously gives false or misleading data or information, or conceals or falsifies a material fact, in any investigation, inquiry or hearing, or other proceeding held by the Board or the Authority or any one duly acting in their behalf, shall be dealt with according to the pertinent provisions of existing penal laws.

ARTICLE 8

FINAL PROVISIONS

SEC. 18. Repealing and Separability Clauses. – All laws, decrees, orders, rules and regulations, policies, programs or parts thereof,

that are inconsistent with any of the provisions of this Order, are hereby repealed, amended or modified accordingly.

If for any reason, any section or provisions of this Order is declared to be unconstitutional or invalid, the other sections or provisions hereof, which are not affected hereby, shall continue in full force and effect.

SEC. 19. Effectivity. – This Order shall take effect immediately.

DONE in the City of Manila, this 12th day of July, in the year of Our Lord, nineteen hundred and eighty.

(Sgd.) **FERDINAND E. MARCOS**
President of the Philippines

By the President:

(Sgd.) **JOAQUIN T. VENUS, JR.**
Presidential Assistant