

**COMMITTEE ON URBAN PLANNING, HOUSING & RESETTLEMENT**

*Joint with*

**COMMITTEE ON FINANCE**

**COMMITTEE ON LOCAL GOVERNMENT**

**PUBLIC HEARING**

Thursday, November 25, 2004

Sen. Claro M. Recto Room

1:00 P.M.

**AGENDA**

**Privilege Speech of Senator Aquilino Q. Pimentel, Jr. delivered on November 8, 2004, entitled “The North Rail Project: Development vs. People’s Rights?”**

**SENATORS PRESENT:** SENATORS RODOLFO G. BIAZON, (*Chairman, Committee on Urban Planning, Housing and Resettlement*), JUAN M. FLAVIER, AND AQUILINO Q. PIMENTEL, JR.

**SENATORS REPRESENTED:** SENATORS RICHARD J. GORDON, JINGGOY EJERCITO ESTRADA, M.A. MADRIGAL, and JUAN PONCE ENRILE

**GUESTS/RESOURCE PERSONS:** Mr. Narciso Abaya, President, Bases Conversion Development Authority (BCDA); Mr. Isaac S. Puno III, Executive Vice President, BCDA; Mr. Arnel Pasiano Casanova, BCDA; Mr. Federico Laxa, General Manager, National Housing Authority (NHA); Mr. Froilan Kampitan, NHA; Mr. Jose Cortes, Jr., President, North Luzon Railways Corporation; and Ms. Lucille Ortile, Assistant Secretary, Housing and Urban Development Coordinating Council (HUDCC)

**HIGHLIGHTS**

The Committees on Urban Planning, Housing and Resettlement; Finance; and Local Government, chaired by Senators Biazon, Villar and Lim, respectively, conducted a public hearing on the speech delivered by Senator Pimentel on November 8, 2004 regarding the north rail project. The hearing started at 1:10 p.m. of November 25, 2004 at the Senator Recto Room, GSIS Bldg., Senate of the Philippines, Pasay City.

Senator Biazon said that the issues raised in the speech include the relocation of affected families totaling about 40,000; the project cost totaling about P28 million (\$US 503,000) for Phase I alone which covers about 32 kilometers from Caloocan to Bulacan and up to Clark Economic Zone; and the constitutionality of the contracts entered into by the Executive Branch in relation to the said project.

According to him, the issues raised could be grouped into two, namely: 1) construction of the North Rail Project; and 2) relocation or resettlement of families.

He added that the issues raised become all the more important in the light of the public sector debt of about P5.9 trillion representing about 130 per cent of the country's gross domestic product (GDP). He also stated that he filed a resolution calling for the creation of a Congressional Commission to review and assess the debt policies, strategies and programs of the government.

He said that he would like to know the policy of the government in relocating or resettling families affected by the said project, adding that about 180,000 families live in the banks of the Pasig River, in creeks and *esteros*, and in railroad tracks.

Mr. Federico Laxa, general manager of the National Housing Authority (NHA), said that the North Rail Resettlement Project involves the relocation of some 40,079 families from Caloocan down to Clark, Pampanga. He also said that the Caloocan segment of the project was already cleared (of informal settlers) as of the year 2003, about 300 families in the Valenzuela area volunteered to move in the NHA resettlement site in barangay Bignay, Valenzuela, Bulacan., and about 6,516 families from the Malabon and Valenzuela areas were already pre-qualified to avail of the resettlement package.

According to him, the affected families were presented a menu of options such as the following: selection of preferred relocation sites and serviced lots in NHA resettlement sites, P50,000 housing financial assistance for "*Balik -Probinsiya*" and equity for land purchase elsewhere or livelihood assistance.

Moreover, he said that various agencies are involved in the relocation project such as the HUDCC, the DSWD, the DepEd, the DOH, the DILG, the CHR, the MMDA, the DOTC, the PNR, the PNP, and the PCUP. There is a ready relocation program, he said, for those who have yet to be relocated.

To the query of Senator Pimentel regarding issuance of notice of demolition, Mr. Laxa replied that the PNR issued the notice of demolition in coordination with the NHA for the Metro Manila segment, but there was no notice of demolition issued to the estimated 3,399 families living in the Malolos (Bulacan) area.

Mr. Laxa also stressed that consultations were made with those affected families prior to the issuance of the notice of demolition.

At this juncture, the Chair asked Mr. Laxa to submit to the Committees the data on the relocation program showing, among others, the number of availment per option (i.e. house and lot, or lot only, or balik-probinsiya), and also the cost involved.

Mr. Laxa also explained that the an in-city relocation have been adopted in the case of the Valenzuela segment, and that part of the money used to purchased the private land for the affected families came from the proceeds of the BCDA.

He further pointed out the following: 1) the land acquired by the relocated families are cost recoverable with the recipient paying the cost to the NHA; 2) a Memorandum of agreement (MOA) regarding relocation site was also signed with officials of the involved local government unit; about 2,531 families opted for the housing financial assistance of P50,000 and the estimated P1 million spent for this came from the DBM.

Ms. Lucille Ortile of HUDCC said that the provincial government of Bulacan assumed responsibility for the estimated 12,000 affected families within the Bulacan segment of the railway project, adding that the relocation site that was identified was in the municipality of Norzagaray.

According to Mr. J Cortez of the North Rail Development Corp., the railway corporation's responsibility would be to provide the lot and the horizontal developments for the relocated families while the provincial government would provide the housing units. He added that about P350 million would be needed for the parcel of land and its development.

Mr. Isaac Puno III of the BCDA stated that, pursuant to Section 5 of RA 7277, the BCDA is authorized to construct, own, lease, operate and maintain public utilities as well as infrastructure facilities. This should be within the context of the overall conversion and development program of the government, he said, adding that the ultimate intension would be to interconnect and develop the former base lands of Clark in Pampanga, Subic in Zambales, and Fort Bonifacio in Metro-Manila.

Both Senators Biazon and Pimentel, at this point, agreed that the said provision of the law should be studied in order to determine the true intention of the law even as they noted that the Fort Bonifacio area was so far from the Subic and Clark areas.

As for the BCDA's utilization of fund, Mr. Puno mentioned that based on Section 16 of the BCDA law, the BCDA is authorized to form, establish, organize subsidiaries to pursue its mandate, and thus the BCDA allocates its funds which are approved as part of the government budget to its different projects.

At this juncture, Senator Pimentel asked officials of the BCDA to submit to the Committees an executive memorandum to explain the reason for the creation of the North Rail corporation and also the legal basis for the transfer of funds for the BCDA.

The Chair noted the conflicting views of the NHA and the HUDCC officials as to the lead agency tasked with responsibility to address the need for relocation cites for those affected by the railway project with the former claiming jurisdiction only for the Metro Manila portion while the other arguing that it should cover all the areas. This came to fore in light of the issuance of the undated Administrative Order 111 which cites the NHA as the lead agency for relocation sites.

Senator Pimentel also put on record that the loan provided by the Chinese government would not be used for the relocation of the informal settlers (squatters).

The Chair also asked the concerned resource persons to submit to the Committees the data on the cost of the project citing, among others, what amount would be recoverable and what would be grants.

To the query of Senator Flavier regarding the problem of dumping of people to a local government unit because of relocation, particularly in Valenzuela, Mr. Laxa explained that he held consultations with the mayor there and was also briefed on the various requirements to be provided to the relocated families.

He also said that he would provide the Committee the data regarding the NHA's relocation program where a total of P1 billion was included in the proposed 2005 budget.

Senator Biazon pointed out that the NHA should coordinate with the North Luzon Railway Corp. to address the immediate concern of the informal settlers that would still be relocated noting that the railway project is already under way. He said that the Committees would also invite in the next hearing representatives of the affected families as well as the local officials in the areas that would be affected by the railway project.

Ms. Gina Jota of the BCDA presented to the Committees the chronology of events which detailed the involvement of the various private entities and governments under varying different administrations in the pursuit of reviving the Northern railway system to as far as San Fernando City, La Union, adding that the idea was initiated as early as September 1994 during the time of President Ramos when a Memorandum of Understanding was signed between the governments of the Philippines and Spain to develop the railway system in Northern Luzon.

She mentioned that President's Arroyo's visit to China in 2004 resulted in acquiring preferential treatment of loan for the North Rail project such as the 20-year repayment period, loan interest of only 3 % and a five-year grace period. It was pointed out that one of the conditions for the loan would be the signing of a contract between North Rail and a designated contractor.

She also mentioned that in 2003, the Japanese government used train couches for the North rail project. She added that the restructured fare rate would be P8 boarding fee with an additional P1.3 per kilometer fare, but this would be subject to the approval of the NEDA.

Mr. Puno said that the about \$US33 million was spent for the conduct of the feasibility study alone of the North Rail project.

According to Mr. Cortez of North Rail, part of the amount for the railway project would be the local loan to be derived from the payment of taxes. He added that the operation and maintenance of the railway system would be offered to interested local or foreign group.

To the query of Senator Flavio on the assignment of a contractor by the Chinese group, he said that there was in fact agreement that the contractor would come from the Chinese group without the benefit of a bidding, adding that this issue was already resolved by the Office of the Corporate Counsel (GOCC).

The Chair said that the Committee would invite other resource persons for the next hearing, and other questions would also be raised regarding the South Rail program.

The hearing was adjourned at 3:15 pm.