

**Office of the President
of the Philippines
Malacañang**

MEMORANDUM ORDER NO. 17

**DIRECTING THE ABOLITION OF THE NORTH LUZON RAILWAYS
CORPORATION, AND FOR OTHER PURPOSES**

WHEREAS, the North Luzon Railways Corporation (NORTHRAIL) was registered with the Securities Exchange Commission (SEC) on 31 July 1995, as a wholly-owned subsidiary of the Bases Conversion and Development Authority (BCDA) with the principal mandate to develop, construct, operate and manage a railroad system to serve Metro Manila, Central and Northern Luzon;

WHEREAS, on 20 May 2019, through Memorandum Order No. 2019-05, the Governance Commission for GOCCs (GCG) ordered the deactivation of NORTHRAIL;

WHEREAS, pursuant to Section 5(a) of Republic Act (RA) No. 10149 or the "GOCC Governance Act of 2011," the GCG has determined that NORTHRAIL has met the standards for abolition upon determining that: (a) NORTHRAIL is not producing the desired outcomes; (b) NORTHRAIL is no longer achieving the objectives and purposes for which it was designed and created; and (c) NORTHRAIL is not cost efficient and does not generate the level of social, physical and economic returns *vis-à-vis* the resource inputs;

NOW, THEREFORE, the following are hereby ordered:

Section 1. Abolition of NORTHRAIL. The NORTHRAIL is hereby abolished.

Section 2. BCDA as the Administrator and Liquidator of NORTHRAIL. The Board of Directors of the BCDA shall act as the administrator and liquidator of NORTHRAIL and implement the following activities, among others:

- a. Settle the liabilities of the NORTHRAIL, including the payment of separation incentive pay to affected officials and personnel of NORTHRAIL;
- b. Undertake steps necessary in the liquidation of NORTHRAIL's assets, and assist in the winding-up of its corporate affairs;
- c. Conduct an inventory of all NORTHRAIL's existing programs and projects which are to be terminated or transferred to concerned government agencies, subject to existing laws, rules, and regulations;

- d. Conduct an inventory of all NORTHRAIL's assets and liabilities, and thereupon formulate an action plan by which said assets and liabilities may be disposed of and settled, subject to existing laws, rules, and regulations;
- e. Formulate a Change Management Plan for affected stakeholders of NORTHRAIL;
- f. Conduct an inventory of all pending cases brought by and against NORTHRAIL, and thereupon formulate the appropriate actions needed to resolve said cases, including the total amount of contingent liabilities arising therefrom, if any;
- g. Surrender to the Commission on Audit the original copies of NORTHRAIL's corporate books of account and financial records; and
- h. Perform such other actions as may be necessary to implement this Order.

Section 3. Participation of Concerned Government Agencies. The following government agencies shall assist the BCDA in implementing the provisions of this Order:

- a. The GCG shall monitor the implementation of the abolition of NORTHRAIL. For this purpose, the BCDA Board, acting as the Administrator and Liquidator, shall submit a quarterly report to the GCG on the implementation of this Order;
- b. The Department of Transportation as the supervising agency of NORTHRAIL, shall continue to oversee the programs and activities relative to the liquidation and winding-up of the affairs of NORTHRAIL;
- c. The SEC shall assist the BCDA in ensuring that the dissolution of the Corporation is conducted in accordance with the provisions of RA No. 11232 or the "Revised Corporation Code of the Philippines," and other pertinent laws, rules, and regulations; and
- d. The Office of the Government Corporate Counsel shall provide the necessary legal assistance to the BCDA relative to the dissolution and winding-up of the affairs of NORTHRAIL.

Section 4. Separation Incentive Pay of Affected Officials and Personnel. All affected officials and personnel of NORTHRAIL may avail of the following separation benefits:

Government Service	Rates
First 20 years	$1.00 \times \text{MBS}^* \times \text{No. of years}$
20 years and 1 day to 30 years	$1.25 \times \text{MBS} \times \text{No. of years}$
30 years and 1 day and above	$1.50 \times \text{MBS} \times \text{No. of years}$

**Monthly Basic Salary*

The separation pay authorized herein shall be charged against the available corporate funds of the NORTHRAIL, subject to existing budgeting, accounting and auditing laws, rules and regulations.

Section 5. Repeal. All other orders, issuances, rules and regulations, or parts thereof, which are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

Section 6. Separability. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 7. Effectivity. This Order shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation.

DONE, in the City of Manila, this 19th day of October, in the year of our Lord, Two Thousand and Twenty-Three.

By authority of the President:


LUCAS P. BERSAMIN
Executive Secretary

