

# Postscript

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## MRT audit exposes scary safety lapses

**SAFETY LAST:** The Department of Transportation and Communications appears to be compromising public safety while covering up for the poor maintenance of the Metro Rail Transit Line 3 (MRT3) running on EDSA.

Instead of focusing on safety, Transportation Secretary Joseph Emilio Abaya simply distracts the riding public with talk of a possible government buyout of the MRT and the purchase next year of 48 Chinese imitation coaches to augment the aging Czech-designed trains.

How can the maintenance provider APT Global ensure safety of passengers when it does not bother to buy replacement rails and other critical spare parts — as it must do under its P57-million-per-month contract?

The state of disrepair of the MRT is so bad that prospective maintenance outfits are scared to bid to take over the decrepit system.



**NO MORE RAILS:** When the Japanese firm Sumitomo Corp. was the maintenance provider from 2000 to 2012, more than half of its budget was allocated to the purchase of spare parts, per contract. Under APT Global, it seems there is no purchase.

- Sumitomo left 86 stock rails upon turnover to PH Trams (the interim maintenance provider before APT Global won the bid in 2012).

- A DoTC memo dated Sept. 4 revealed that last year under APT Global there were only 29 stock rails left, and as of last month only 2.5 rails left.

The maintenance provider must be using old rails instead of new ones, which is against contract and dangerous to the riding public. Some damaged rails were reportedly welded and — my gawd! — just hammered back to shape.

A recent inspection of the depot, a source said, showed that maintenance have been using rails from the LRT2 that is run and maintained by the government. The MRT is maintained by a private contractor paid P57 million a month that covers cost of rails and spare parts.

**AUDIT FINDINGS:** The scary situation was confirmed in the technical audit by MTR Hong Kong that was requested by the private owners (MRT Corp.) in March 2014 and finally conducted last September.

The MTR HK draft audit report said among other things:

- The overall assessment of the trackwork condition is unsatisfactory and there is insufficient track maintenance. With a network length of 33.8 km, several track defects were observed related to wheelburn/shelling.

- There is an increasing trend of broken rail failure as well as rail corrugation. While there were only four cases of broken rail failures from 2011 to 2012 under Sumitomo, there were 11 cases from 2012 to 2013 and, worst, 22 cases between 2013 and 2014 under APT Global.

- More breakdowns due to rail fatigue can be expected. This cannot be corrected by extra trains or press releases. The rails have to be replaced first.

**SQUEEZE:** Long-suffering minority stockholders of publicly listed Philcomsat Holdings Corp. are crying foul over the continued suspension of trading of its shares on the mere request of the Presidential Commission on Good Government which has nothing to do with the PHC.

The PHC has never been sequestered, but has been mercilessly looted and plundered by a PCGG-led group that the Supreme Court declared in 2013 to have been illegally entrenched in PHC.

The raiders were kicked out and charged, but by that time over half a billion pesos of PHC money had been plundered. This PCGG setback, however, did not stop the campaign to destroy the company even while it has been rehabilitating itself.

Through a letter of its Commissioner Richard Amurao, the PCGG wants to keep trading of PHC shares suspended, even after PHC has fully complied with the reportorial requirements of the Securities and Exchange Commission and paid a whopping penalty of over P5 million.

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**CONTROL:** The PHC itself has not been delisted from the PSE, but trading of its shares suspended since May 3, 2007, despite the fact that the PHC has never been sequestered nor impleaded in any case by the PCGG. Thus the PCGG has no authority or mandate to intrude into it.

The ownership structure of the Philcomsat group is such that whoever controls the mother company Philippine Overseas Telecommunications Corp. holds 100-percent control of Philcomsat. In turn, whoever controls Philcomsat wields 81-percent majority control of PHC.

In its 2013 decision, the SC ruled with finality that the 52-percent collective ownership of the families of Ilusorio-Bildner, Poblador, Africa, Benedicto and Ponce Enrile constitutes the majority block in POTC, and thus in Philcomsat, and, by cascading effect, in PHC.

**MEDDLING:** Among those complaining of PCGG's unwarranted meddling is Jose Ma. Ozamiz, who represents minority stockholders owning 60 million shares or about six percent of its total issued and outstanding capital stock.

Now 82 and suffering the effects of a stroke suffered years ago, Ozamiz wrote me: "I, for one, at my age and given the illnesses sustained by my wheelchair-bound wife, have no other financial resources than these PHC shares, since I invested all my retirement funds in PHC stock in 1997.

"This egregious act of the PCGG has damaged the 1,400 shareholders who have nothing to do with whatever issues the PCGG has with Philcomsat."

How much longer must Ozamiz and other similarly situated minority stockholders wait for fair treatment?

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**PCGG MEN REPLACED:** To correct the anomaly, President Gloria Arroyo in 2008 replaced with other government representatives the PCGG nominees and agents hanging on to PHC.

In 2011 and 2012, the PCGG attempted to have Amurao elected to the POTC board and its 100-percent subsidiary Philcomsat, but he was not elected to either corporation. In 2012, the PCGG also tried but failed to have lawyer Ephyro Luis S.B. Amatong elected to the Philcomsat board.

Amatong was subsequently appointed commissioner of the SEC where, as fate would have it, he now supervises the Markets and Securities Regulation Department where PHC's petition to lift the suspension in trading is pending.

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