

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
Second Regular Session
House Bill No. 5469



Introduced by **Rep. HERMILANDO I. MANDANAS**

EXPLANATORY NOTE

This bill of local application seeks to re-develop Fernando Air Base (FAB), at no cost to the Government. The objective is to convert FAB into a dual use airport serving the Southern Tagalog Region (STAR), and subsidiary airport to the Ninoy Aquino International Airport (NAIA) in Manila, and to develop the area contiguous to FAB into a dynamic zone through private sector initiative. One of the main beneficiaries will be the Philippine Air Force (PAF), while additional facilities will be proposed to enhance the capability of FAB and will convert the airport available for dual use – military and commercial. It is a basic premise of this bill that the present area used by PAF will not be diminished by even one square meter.

STAR is one of the most dynamic regions in the Philippines, handling no less than 60% of total foreign trade in the country. With more than ten million inhabitants, it has the biggest population of any region outside Metropolitan Manila. Because of its favorable business climate, the region has attracted many investors, both foreign and local. At present, STAR already employs more workers than the National Capital Region. STAR provides 65% of electrical power requirements of the entire Luzon and 65% of fuel and liquefied petroleum gas (LPG) for the entire country. The region's chief port, the Port of Batangas, serves as the alternate seaport to Manila.

STAR needs to enhance its transportation network, including air transportation. The region has relied on Manila for air transport, which unfortunately, has lessened its competitiveness as a region. Reliance by STAR on NAIA has also contributed to NAIA's congestion, and the road network from Manila to the Southern Tagalog provinces. This is evident in the following: NAIA handles 34% of annual aircraft movements in the country, and processes 62% of the passenger traffic and 72% of air cargo tonnage. It handles 95% of all international passenger traffic and processes 97% of international cargo. This underscores the need for developing an airport to service STAR, to enhance said region's competitiveness and to serve as an alternate airport to NAIA. The airport, in brief, will serve STAR and support air traffic in Manila.

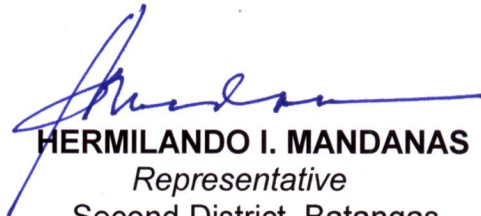
FAB is strategically situated in the heart of STAR to serve the air transportation needs of that region. With an area of over twenty thousand (20,000) hectares, FAB can easily accommodate an airport one thousand five hundred (1,500) hectares in area, without the PAF losing any portion thereof. However, to give impetus to develop such an airport, there is need to enact a law for the creation of an airport authority that will not only precipitate development by attracting private sector participation but also thereupon, manage the airport and Free Trade Zone. Development of an airport in the airbase to serve STAR shall also contribute to the perennial decongestion of NAIA, a problem that the

national government has already partly addressed with the opening of an airport at Clark. An airport for STAR may well serve as a subsidiary airport to NAIA.

The Government's need for to allocate and use its funds wisely further underscores the desirability of this bill: the development of the CALABARZON International Airport shall be at no cost to the Government.

Further, in order to maximize the benefits of establishing an international airport in the heart of the Southern Tagalog Region, this bill also seeks the establishment of a free trade or economic zone, to attract more investors. This would also help address the Government's effort of creating millions of jobs per year to neutralize unemployment.

In view of all the foregoing, the approval of this bill is earnestly sought.



HERMILANDO I. MANDANAS
Representative
Second District, Batangas

1 Republic of the Philippines
2 HOUSE OF REPRESENTATIVES
3 Quezon City

4 THIRTEENTH CONGRESS

5 Second Regular Session

6 House Bill No. 5469

7 Introduced by Hon. Hermilando I. Mandanas

8
9
10
11
12
13
14
15 AN ACT PROVIDING FOR THE REDEVELOPMENT OF
16 FERNANDO AIRBASE FOR JOINT CIVILIAN-MILITARY USE,
17 AT NO EXPENSE TO THE GOVERNMENT,
18 CREATING THE CALABARZON INTERNATIONAL AIRPORT CORPORATION
19 AND FOR OTHER PURPOSES
20

21
22 Be it enacted by the Senate and the House of Representatives of the Philippines
23 in Congress assembled:

24
25 SECTION 1. *Short Title.* – This Act shall be known and cited as the “Charter of
26 the CALABARZON International Airport Corporation.”
27

28 SECTION 2. *Declaration of Policies.* — It is hereby declared the policy of the
29 Government to promote the sound and balanced redevelopment for joint
30 commercial/civilian and military use of Fernando Airbase as an international airport to be
31 known as the CALABARZON International Airport, that may function as a subsidiary
32 airport to the Ninoy Aquino International Airport (NAIA), by inviting private sector
33 participation, and to assist in the modernization of the AFP by partially applying income
34 earned from operations for said purpose.
35

36 It is likewise the declared policy of the Government to enhance the benefits to be
37 derived from the operation of CALABARZON International Airport, including the creation
38 of a Free Trade and Economic Zone therein, in order to accelerate the economic and
39 social development the Southern Tagalog Region in particular and the country in
40 general.
41

42 Finally, it is the declared policy of the Government to disperse industries from the
43 Metropolitan Manila Area by providing the necessary infrastructure for the Southern
44 Tagalog, including the CALABARZON International Airport,
45

46 SECTION 3. *Creation of the CALABARZON International Airport Corporation;*
47 *Functions.* – There is hereby created a body corporate to be known as the
48 CALABARZON International Airport Corporation, hereafter referred to as the “CIAC”,
49 which shall be organized within thirty (30) days after approval of this Act. The principal
50 office of CIAC shall be located within Fernando Airbase, Philippines. CIAC shall
51 principally undertake the economical, efficient and effective development, control,
52 management and supervision of the CALABARZON International Airport, hereafter
53 referred to as the “Airport” and a free trade zone therein, to be known as the
54 CALABARZON Free Trade Zone. In addition, it shall have the following objectives:
55

- 56 3.1. To develop, encourage and promote international and domestic air traffic
57 in CALABARZON and the Southern Tagalog Region;
58 3.2. To encourage private sector participation in the development and
59 operation of the Airport and in the acquisition of properties for future
60 expansion, and in the development of the CALABARZON Free Trade
61 Zone;

- 62 3.3. To continually upgrade the services and facilities of the Airport and to
63 formulate and adopt internationally acceptable standards of Airport
64 accommodation and services;
65 3.4. To assist the Philippine Air Force (PAF) in particular and the Armed
66 Forces of the Philippines (AFP) in general, by partially applying income
67 derived from its operations to their modernization efforts.
68

69 **SECTION 4. *Functions, Powers and Duties.*** –CIAC shall principally undertake
70 the economical, effective development, control, management and supervision of a free
71 trade zone, airport facilities, logistics and intermodal facilities, and for this purpose, shall
72 encourage the active participation of the private sector in the development of the Airport
73 and Free Trade Zone through such institutional arrangements as joint venture, Build-
74 Operate-Transfer (BOT) and such other arrangements as provided under Republic Act
75 No. 6957 as amended by Republic Act No. 7718. For the above purposes, CIAC shall be
76 vested with such powers granted to corporations under the Corporation Code and such
77 other powers as may be consistent herewith. CIAC shall also coordinate with the Armed
78 Forces of the Philippines (AFP) and the Philippine Air Force (PAF) for the smooth,
79 efficient, viable and safe operations of the Airport and its joint civilian commercial and
80 military use.
81

82 **SECTION 5. *Capitalization.*** — CIAC shall have an authorized capital of FIFTY
83 BILLION PESOS (P50,000,000,000.00), to be subscribed and paid up exclusively from
84 private sources, with par value at One Thousand Pesos (P1,000.00) per share. CIAC
85 shall be listed in the Philippine Stock Exchange (PSE).
86

87 **SECTION 6. *Provision for Joint Use of the Property and Non-Diminution of the***
88 ***Area of Fernando Air Base.*** — The President as Commander-in-Chief of the Armed
89 Forces of the Philippines (AFP), shall provide for the joint use by CIAC for commercial
90 purposes and the Philippine Air Force (PAF) for military purposes of Fernando Air Base.
91 The metes and bounds of the area within Fernando Air Base for re-development as
92 provided herein shall be determined by CIAC, upon consultation with AFP and PAF.
93

94 The President shall also provide for the use of Fernando Air Base and such other
95 properties as may be acquired as provided herein, pursuant to plans duly approved by
96 the President for expansion of the Airport and the Free Trade Zone: Provided, that in no
97 case shall any area within Fernando Air Base be taken by CIAC, or possession thereof
98 surrendered to CIAC, nor shall the existing area of Fernando Air Base be diminished,
99 reduced or otherwise decreased in any manner whatsoever. Ownership and possession
100 over the property shall remain with the AFP and the PAF. All existing facilities of the AFP
101 and PAF within Fernando Air Base shall remain in existence and continue to operate, in
102 accordance with the needs of the AFP and PAF. Provided further, that all developments
103 in the Airport shall be subject to the review and approval of the PAF.
104

105 **SECTION 7. *Funding for Development and Expansion of the Airport & Free***
106 ***Trade Zone.*** – CIAC and the PAF, as well as any agency of the Government may solicit
107 funds from private sources for the development, improvement and expansion of the
108 Airport or the Free Trade Zone, through donations, grants and other forms of financial
109 assistance, which shall be exempt from taxes or impositions of whatever kind.
110

111 **SECTION 8. *Eminent Domain; Provision for Acquisition of Adjoining Areas for***
112 ***Expansion and for Resettlement of Residents; Reclassification of Lands.*** – To assist in
113 the development and expansion of the Airport and the Free Trade Zone, and boost
114 tourism, trade and other industries, the AFP, through the PAF, is hereby authorized to
115 acquire by way of eminent domain, as much as one thousand five hundred hectares
116 (1,500 has.) or so much as may be necessary for the improved operation of the airport,
117 including provision for terminals, hotel and tourism facilities, warehouses, hangar and
118 related facilities, of areas adjacent to Fernando Air Base, specifically its present airstrip,
119 as would be most feasible, practical and realistic for expansion, in accordance with
120 CIAC's developmental plans, consistent with this Act. For this purpose, CIAC shall have
121 the authority to determine the value of the lands so expropriated as and by way of just
122 compensation to the owners thereof. Ownership and possession over such expropriated
123 properties shall be vested on the CIAC. CIAC shall also provide for the resettlement of

residents of the areas so expropriated for expansion, to other areas within the vicinity. CIAC shall also be authorized to reclassify lands as may be necessary to effect the purposes of this Act. Lands expropriated under this provision shall not be sold, transferred, encumbered and conveyed to other parties.

SECTION 9. *Governing Body.* — The powers and functions of CIAC shall be vested in and exercised by a Board of Directors, composed of fifteen (15) members, which shall include a Chairman, a Vice Chairman and thirteen (13) other Members. The Ex-Officio Members shall be appointed by the President of the Philippines and shall be composed of the Secretary of Transportation and Communication, the Head of the Air Transportation Office (ATO), the Chairman of the Special Committee for Southern Tagalog of the House of Representatives, the Chief-of-Staff of the Armed Forces of the Philippines (AFP), the Commanding Officer of the Philippine Air Force and the Chairman of the Regional Development Council for the Southern Tagalog Region. The other members shall be elected by the stockholders of CIAC. Members of the Board shall be appointed for a term of five (5) years; Provided, That any person appointed to fill a vacancy shall hold office only for the unexpired term of the Member whom he succeeds. Provided further, that this provision shall not apply to Ex-Officio members of the Board.

The Chairman, who shall act as the Chief Operating Officer (COO), shall be chosen from the private sector, by the members of the Board. The Vice Chairman shall also be chosen from the private sector by members of the Board.

SECTION 10. *Powers and Functions of the Board of Directors.* — In addition to the powers granted to the board of directors of a corporation under the Corporation Code and such other powers that may be reasonably inferred in this Act.

SECTION 11. *Supervision.* — CIAC shall be under the direct control and supervision of the Office of the President for purposes of policy direction and coordination.

SECTION 12. *Separability Clause.* — If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 13. *Repealing Clause.* — All laws, executive issuances or parts thereof which are inconsistent herewith are hereby repealed or amended accordingly.

SECTION 14. *Effectivity Clause.* — This Act shall take effect upon its publication in at least one (1) newspaper of general circulation.

APPROVED.