

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

Third regular Session

HOUSE BILL NO. 5762



Introduced by HONORABLE MANUEL "WAY KURAT" E. ZAMORA

EXPLANATORY NOTE

The rapid advance in modern aviation as well as the increasing interdependence of air transportation industry worldwide calls for the comprehensive overhaul of the country's antiquated and archaic aviation laws, particularly Republic Act No. 776, enacted way back in 1952 - the law creating the Civil Aeronautics Administration, the precursor of what we now know as the Air Transportation Authority.

Globalization is a reality, and the country should keep pace with developments in aviation laws, specifically on the internationally recognized standards of civil aviation and/ or airport operations. Moreover, recent developments on the threats of terrorism, which requires increase security and safety in airports, makes for this undertaking much more urgent and compelling.

Accordingly, the country must chart an internationally recognized civil aviation laws and airport operations. What better way to do the same than to adopt internationally accepted standards of civil aviation laws and incorporate the laws, rules and regulations of the 32nd International Civil Aviation Organization (ICAO) General Assembly Meeting Resolution into our own civil aviation laws.

As member country to the organization, we are bound to follow the resolution as mentioned and its annexes, which were adopted with the end in view of encouraging its members, including the Philippines to establish a single unified body or an autonomous civil aviation authority to deal with matters of civil aviations.

The proposed bill seeks to do just that and keep the country's civil aviation laws, rules and regulations abreast with international standards, and be ICAO compliant.

Corollary, the creation of the Civil Aviation Authority will allow the government to obtain the benefits offered by an autonomous corporate authority that will in the long run become financially self-sufficient, free from the usual constraints of bureaucracy normally associated with government agencies. It also allows for the tapping of private capital to invest and participate in such a heavy and capital

intensive undertaking as the building, maintenance and operations of domestic as well as international airports

Hence, early approval of this bill is earnestly sought.



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1 **AN ACT**
2 **CREATING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES,**
3 **AUTHORIZING THE APPROPRIATION OF FUNDS THEREFOR, AND FOR**
4 **OTHER PURPOSES**

5
6 *Be it enacted by the Senate and House of Representatives of the Philippines*
7 *in Congress assembled:*

8 **ARTICLE I**
9 **GENERAL PROVISIONS**

10 Section 1. **Title.** - This Act shall be known as the Civil Aviation Authority Act of
11 2006.

12 Section 2. **Declaration of Policy.** - It is hereby declared the policy of the
13 Government to provide safe and efficient air transport and regulatory services in the
14 Philippines by providing for the creation of a civil aviation authority with jurisdiction
15 over the restructuring of the civil aviation system, the promotion, development and
16 regulation of the technical, operational, safety, and aviation security functions under
17 the civil aviation authority.

18
19 **ARTICLE II**
20 **THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES**

21 Section 3. **Creation of the Authority.** - There is hereby created a corporate
22 body to be known as the Civil Aviation Authority of the Philippines (CAAP),

hereinafter referred to as the "Authority," attached to the Department of Transportation and Communications (DOTC) for the purpose of policy coordination.

Section 4. **Powers of the Authority.** - In addition to the powers granted to the Air Transportation Office under Republic Act No. 776, as amended, the Authority shall have the following powers and functions:

(a) To provide safe and efficient air transport and regulatory services in the Philippines;

(b) To promulgate rules and regulations governing the technical, operational, safety aspects of civil aviation, as the Authority may find necessary and proper, for the safety, benefit, and interest of the public, consistent with the purposes of this Act;

(c) To exercise supervision, control, and regulation of matters relating to safety of civil aviation, including but not limited to the air transportation of passengers, cargo, mail, air services, aviation companies, and persons, firms, and corporations engaged in providing air transportation services, and related services;

(d) To exercise regulatory functions over all technical aspects of civil aviation to ensure compliance by stakeholders in the industry with the annexes to the International Civil Aviation Organization (ICAO) Convention of 1944, except those functions being performed by the Civil Aeronautics Board (CAB)

(e) To exercise overall jurisdiction over governmental functions of civil aviation, including supervision, control and regulation of matters relating to aircraft, air navigational facilities, airport facilities and installations, whether government or privately owned to ensure compliance with the standards and recommended practices set forth in the Annexes to the ICAO Convention of 1944.

(f) To provide for tariffs, rates, charges, and fees, as it may deem necessary for airport services, air navigational and air traffic management services, and other services, and prescribe the manner of payment and collection, subject to the provisions of this Act, notwithstanding any laws to the contrary;

(g) To exercise the power of eminent domain;

1 (h) To exercise police powers and other law enforcement powers over areas
2 under its jurisdiction and for this purpose, to coordinate with the Philippine
3 National Police and other law enforcement agencies; and

4 (i) To adopt and promulgate such other rules and regulations to implement the
5 provisions of this Act.

6 Section 5. **Corporate Powers.** - To carry out its purposes under this Act, the
7 Authority shall have the following corporate powers:

8 (a) To succeed in its corporate name, to sue and be sued in such corporate
9 name, and to adopt, use and alter its corporate seal, which shall be judicially
10 noticed;

11 (b) To adopt, amend or repeal its By-Laws;

12 (c) To enter into, make, perform, and carry out contracts of every class, kind
13 and description, which are necessary or incidental to the realization of its
14 purposes, with any person, domestic or foreign private firm, or corporation,
15 local or national government office, agency, and with international institutions,
16 or foreign government;

17 (d) To raise money, contract loans, indebtedness, credit and issue
18 commercial papers and bonds, in any local or convertible foreign currency
19 from any other international financial institutions under terms and conditions
20 prescribed by law, rules, and regulations;

21 (e) To execute any deed of guarantee, mortgage, pledge, trust or assignment
22 of any property for the purpose of financing the programs and projects
23 deemed vital for the attainment of its goals and objectives;

24 (f) To construct, acquire, own, hold, operate, maintain, administer, and lease
25 personal and real properties, including buildings, machinery, equipment, other
26 infrastructure, agriculture lands, and its improvements, property right, and
27 interest therein, and to encumber, mortgage, dispose, sell, or alienate or
28 otherwise dispose the same at the fair market value; to lease its plant,
29 machinery, equipment or goods not immediately required by it;

1 (g) To receive gifts, donations, grants, bequests, services, properties, whether
2 personal or real, and assistance of all kinds, from private and public sources,
3 firms, institutions, domestic and foreign governments, and international
4 institutions, and utilize the same;

5 (h) To invest its funds and other assets in such areas, ventures, and projects
6 as it may deem wise;

7 (i) To settle under such terms and conditions most advantageous to it, any
8 claim by or against it;

9 (j) To determine and keep its own system of accounts following generally
10 accepted principles of accounting, as well as the forms and contents of its
11 contracts and other business documents;

12 (k) To enter into contracts for the sale or lease of pieces of equipment,
13 facilities, installations, and aerodromes owned by the former ATO;

14 (l) To perform such other acts, and to do all things as may be necessary,
15 proper, or convenient in connection with the performance of its functions, to
16 carry out the purposes of this Act; and

17 (m) To exercise such other powers provided for by the Corporation, not
18 otherwise provided herein.

19 Section 6. **Subsidiaries.** - The Authority shall have the power to form,
20 establish, organize, incorporate and maintain subsidiary corporation or corporations.
21 Such subsidiary or subsidiaries shall be formed in accordance with the Corporation
22 Code of the Philippines and the existing rules promulgated by the Securities and
23 Exchange Commission, unless otherwise provided in this Act.
24

25 ARTICLE III

26 BOARD OF DIRECTORS, OFFICERS AND PERSONNEL

27 Section 7. **Board of Directors.** - The powers and functions of the Authority
28 shall be vested in and exercised by, a Board of Directors, which are as follows:

29 (a) Provide comprehensive policy guidance for the promotion and
30 development of the aviation industry as provided in this Act;

1 (b) Formulate the objectives, strategies, and policies to be followed by the
2 Authority;

3 (c) Ensure that the Authority performs its functions in a proper, efficient, and
4 effective manner;

5 (d) Determine the organizational structure of the Authority, establish a human
6 resources management system based on merit and fitness, and adopt a
7 rational compensation and benefits scheme;

8 (e) Approve the annual and supplementary budget;

9 (f) Submit an annual report to the President of the Philippines and the
10 Congress.

11 Section 8. **Board Meetings.** - The Board shall meet regularly once a month
12 and may hold special meetings to consider urgent matters upon call of the Chairman
13 or any three (3) members. Internal rules of procedure in the conduct of Board
14 meetings shall be as prescribed by the Board.

15 Section 9. **Composition of the Board.** - The Board shall be composed of
16 seven (7) members who shall be appointed by the President of the Philippines:

17 (a) The Secretary of the Department of Transportation and Communications
18 shall act as Chairman *ex-officio*;

19 (b) The Vice Chairman shall be elected among the members of the Board,
20 provided that the Director General of Civil Aviation (DGCA) who shall
21 automatically be a member of the Board, shall not be elected as Vice-
22 chairman: and

23 (c) Five (5) other members from either the private sector or relevant
24 government agencies.

25 The appointed members of the Board shall have a term of five (5) years. Of
26 the initial members of the Board, the Vice-chairman and the DGCA shall be
27 appointed for a term of five (5) years; two (2) shall be appointed for a term of four (4)
28 years; and two (2) for a term of three (3) years. In case of vacancy, the appointee
29 shall serve the unexpired term of the predecessor. Members of the Board shall be
30 eligible for reappointment.

1 Section 10. **Qualifications.** - No person shall be appointed or designated as a
2 member of the Board unless he is a Filipino citizen, of good moral character,
3 unquestionable integrity and recognized competence in the field of aviation,
4 aeronautical engineering, economics, law and international relations, or
5 management in related fields.

6 Section 11. **Per Diems.** - Members of the Board shall be reimbursed by the
7 Authority for necessary expenses incurred in the performance of their duties. They
8 shall also be entitled to per diem, the amount of which shall be determined pursuant
9 to a resolution adopted by the Board, which shall be adjusted annually based on the
10 consumer price index as determined by the National Government.

11 Section 12. **Conflict of Interest.** - No member of the Board shall have
12 financial or pecuniary interest, directly or indirectly, in any business contract or
13 transaction entered into by the Authority or in any privilege granted by it. Neither
14 shall a member have any interest, financial or otherwise, in any undertaking or
15 business with an inherent conflict of interest with the Authority.

16 Section 13. **The Director General.** - The head of the Authority shall be known
17 as the Director General of Civil Aviation and must be an airman or must have been
18 an airman, with at least ten (10) years of experience in the field of aviation, five (5)
19 years of which shall be in senior management position.

20 Section 14. **Duties and Responsibilities.** The Director General shall be the
21 Chief Executive and Operating Officer of the Authority. He shall have the following
22 powers, duties and responsibilities:

23 (a) To execute, administer, and implement the objectives, policies and
24 programs approved by the Board; enforce the decisions, orders, rules, and
25 regulations approved or prescribed by the Board;

26 (b) To direct and supervise the management, operations and administration of
27 the Authority;

28 (c) To represent the Authority in all dealings with offices, agencies and
29 instrumentalities of the Government, and with all persons, firms and
30 institutions, public and private, domestic and foreign, including the
31 International Civil Aviation Organization, other international agencies, and

1 institutions; to act as the primary government representative in all technical
2 and safety matters relating to international aviation, bilateral, multilateral
3 consultations, conferences, negotiations, and the like;

4 (d) To provide for rules and regulations, as may be required, covering (i) air
5 traffic services; (ii) air navigation services including the establishment,
6 administration, registration, inspection, classification, rating, issuance, denial,
7 revocation, cancellation, modification, and investigation of civil airways
8 navigation radio and telecommunication facilities, aerodromes, repair stations,
9 training schools, and other air agencies and installations; (iii) licenses, permits,
10 and certificates; (iv) aircraft accidents; and (v) such other rules, regulations,
11 standards, practices, methods, procedures as the Director General may
12 determine;

13 (e) To enforce the rules and regulations and impose fines, penalties and
14 similar sanctions for any violations thereof;

15 (f) To ensure the safety, effectiveness and efficiency of air transportation,
16 consistent with national objectives, and existing treaties, conventions and
17 agreements;

18 (g) To exercise police powers in all areas within the jurisdiction of the
19 Authority, enforce all laws, regulations and rules relating thereto in the
20 exercise of these powers, he shall coordinate closely with the Philippine
21 National Police and other law enforcement agencies of the government;

22 (h) To perform such powers, and duties provided for in this Act, or as may be
23 delegated by the Board; and

24 (i) To continue to exercise the powers provided for in Republic Act No. 776, as
25 amended, not inconsistent with this Act.

26 Section 15. **Management Officials and Employees; Merit System.** - The
27 Authority shall establish a human resources management system which shall base
28 promotions and appointments on merit and fitness and will promote professionalism
29 at all levels of the Authority in accordance with the sound principles of management.

30 Section 16. **Exemption from the Salary Standardization Law.** - The
31 Authority shall have the power to determine and fix the compensation and fringe

1 benefits of the employees holding technical positions not common to other agencies
2 of the government. Detailed employment benefits and package shall be specified in
3 the Implementing Rules and Regulations. The Authority shall be exempted from
4 coverage of the rules and regulations of the Salary Standardization Law.

5 Section 17. **Development of Airports, Aviation Accident Investigation and**
6 **Other Ancillaries.** – The development and construction of new national airports and
7 relocation of existing national airports shall be under the Department of
8 Transportation and Communications (DOTC) subject to the transfer of maintenance
9 and management to the Civil Aviation Authority, when said airports become
10 operational.

11 In order to avoid conflict of interest and maintain the transparency of
12 proceedings in case of civil aviation-related accidents and incidents, an independent
13 investigation body shall be established under the Department of Transportation and
14 Communications (DOTC). An Oversight Committee to audit and assess the
15 compliance to ICAO rules, regulations, standards and commitments to other
16 international civil aviation bodies shall also be established.

17 ARTICLE IV

18 CAPITAL AND FISCAL ADMINISTRATION

19 Section 18. **Capitalization.** - The Authority shall have an authorized capital
20 stock of Seventy-Five Billion Pesos (P75,000,000,000.00) and shall be fully
21 subscribed by the Republic of the Philippines. The subscription of the National
22 Government shall be paid as follows:

23 (a) The unexpended balances of appropriations in the current General
24 Appropriations Act, and other acts in force upon approval hereof, pertaining to,
25 held or used by, the Air Transportation Office (ATO);

26 (b) The values of the existing assets of the Air Transportation Office (ATO),
27 which shall be determined by an independent and qualified appraiser or
28 appraisers within a year from the effectivity of this Act;

29 (c) Any surplus income accruing to the Authority upon its organization into a
30 corporate body and its assumption of the assets and liabilities of the Air
31 Transportation Office (ATO); and

1 (d) Such amount as may be appropriated from time to time from the funds of
2 the National Treasury, including any outlay from the infrastructure program of
3 the National Government. The initial operating capital for the Authority in the
4 amount of One Billion Nine Hundred Million Pesos (P1,900,000,000.00) is
5 hereby authorized to be appropriated out of the National Treasury.

6 Section 19. **Sources of Funds.** - The following shall constitute the sources of
7 funds against which the operating expenses of the Authority may be drawn:

8 (a) All revenues from the aeronautical and allied services operated or
9 rendered by the Authority, including remittances from foreign counterpart
10 aeronautics administrations and authorities;

11 (b) Proceeds from sales of bonds, grants, donation, disposals of assets and
12 sales of disposable assets, loans and other forms of indebtedness entered
13 into by the Authority;

14 (c) Interests which may be earned on investments or on idle cash of the
15 Authority; and

16 (d) Drawings upon the capital or surplus of the Authority.

17 Section 20. **Retention of Moneys Collected and Dispositions Thereof.** -
18 Moneys collected by the Authority under the provisions of this Act shall be retained
19 by the Authority, which shall be disbursed as the Authority may deem necessary and
20 appropriate, to carry out the objectives and policies of this Act.

21 Section 21. **Management of Funds.** - The Authority may invest any of its
22 funds not immediately required for operating expenses, or other immediate
23 obligations in any business venture that it may deem appropriate, or in such secured
24 note, government securities, and other negotiable instruments that satisfy the
25 guidelines prescribed by the Board.

26 Funds of the Authority shall be deposited in such commercial and universal
27 banks as the Authority may determine, subject to the requirements of existing laws.
28 The Board shall designate the officials authorized to deposit in or withdraw funds
29 from such depository banks.

1 Section 22. **Obligations.** - Upon approval of the President with the prior
2 concurrence of the Monetary Board, the Authority shall be authorized to secure or
3 contract domestic or foreign loans, credits and other indebtedness, and to issue
4 bonds, notes, debentures, securities and other instruments of indebtedness, as it
5 may deem necessary to carry out the purposes of this Act, *Provided* that:

6 (a) The outstanding liabilities and obligations, foreign and domestic, shall not
7 exceed, at any time, fifty percent (50%) of its net worth;

8 (b) The annual amortization on principal and interest shall not be more than
9 twenty percent (20%) of the prior year's gross revenues;

10 (c) Where appropriate, obligations incurred from private sources of capital
11 may be secured by suitable assets or backed by priority claims against
12 property of the Authority;

13 (d) Obligations shall be considered the sole liability of the Authority, unless
14 otherwise guaranteed by the Republic of the Philippines upon approval of the
15 President with the prior concurrence of the Monetary Board; and

16 (e) Issuance of bonds or long term notes shall be with prior approval of or in
17 accordance with the rules issued by the National Treasurer.

18 Section 23. **Annual Budget.** - The Authority shall adopt an annual budget.
19 Unless the Authority shall require subsidy and/or a guarantee of its liability from the
20 National Treasury, its budget for the year need not to be submitted to Congress for
21 approval and inclusion in the General Appropriations Act. Supplementary estimates
22 may be prepared or adopted in any of the Board meetings called for that purpose.

23 Section 24. **Exemption from Taxes, Customs and Tariff Duties.** – The
24 importation of equipment, machineries, spare parts, accessories, and other materials,
25 including supplies and services used in the operations of the Authority, not
26 obtainable locally, shall be exempt from all direct and indirect taxes, wharfage fees
27 and other charges and restrictions, the existence of pertinent laws to the contrary
28 notwithstanding.

29 All obligations entered into by the Authority and any income derived therefrom,
30 including those contracted with private international banking and financial institutions
31 shall be exempt from all taxes on both principal and interest.

1 The Authority is also exempt from the payment of capital gains tax, real estate
2 tax and other local government imposts and fees upon the effectivity of this Act.

3 ARTICLE V

4 MISCELLANEOUS PROVISIONS, ADDITIONAL POWERS, RELATIONSHIPS

5 WITH GOVERNMENT AGENCIES

6 Section 25. ***The Authority of Officers to Administer Oaths.*** – The Director
7 General and such other duly designated officers of the Authority shall have the
8 authority to administer oaths in the transaction and performance of official business.

9 Section 26. ***Statutory Lien on Aircraft, Equipment, Machinery.*** – The
10 Authority shall have the power to impose lien on any aircraft, equipment, and
11 machinery:

12 (a) If the charges and other fees are not paid in full on due date for payment,
13 or any part of the charges or the late payment penalty thereto remains unpaid;
14 and

15 (b) For serious and gross violation of the rules and regulations promulgated
16 by the Authority in connection with its oversight functions, involving safety of
17 navigation, within the various territories of the Authority, such as, aerodrome
18 zones, the airspace above said zones, including the landing approaches and
19 departures therefrom, and relevant navigation requirement.

20 Aircraft levied upon pursuant to this Section shall be in the custody of the
21 Authority, and its clearance shall be withheld until the fines imposed are fully paid.
22 Such aircraft may be sold after notice to the owners and the proceeds of the sale
23 shall be applied to the payment of the fines and penalties and other obligations that
24 are due and payable.

25 Section 27. ***Lien on Personal and Real Properties.*** - The Authority shall
26 have the power to impose lien on personal and real properties, and other assets of
27 persons, corporations, partnerships, and such other entities that shall be in default,
28 or fail to perform their obligations, or fail to pay the fines and other penalties imposed
29 for violations of the law, rules and regulations of the Authority.

1 Properties, moneys, and assets levied upon may be sold and the proceeds
2 thereof applied to the satisfaction of the obligation after due notice and hearing.

3 Section 28. **Violations and Penalties.** - (a.) Any violation of the provisions
4 of this Act, or any order, rule or regulation issued thereunder, or any term, condition
5 or limitation of any certificate or permit issued under this Act for which no penalty is
6 expressly provided shall be subject to fine as determined in the Implementing Rules
7 and Regulations of this Act.

8 (b.) The Board is hereby empowered to review, determine, fix and adjust
9 from time to time the amount of payments for specific fees, energy tax and other fees
10 for services rendered and documents issued by the Authority, and fines and
11 penalties imposed under Republic Act No. 776, as amended for violations of the law,
12 rules and regulations of the Authority.

13 Section 29. **Power to Regulate Height of Buildings and Installations that**
14 **may endanger the Safety of Flights.** - The Authority shall have the power to
15 regulate the height of the buildings, towers, antennae, and other structures, situated
16 within the vicinity of, or in close proximity to, airports which shall endanger flights of
17 aircraft. It shall also have the power to prohibit or regulate the establishment and
18 operations of electrical, electronics, sound, magnetic, laser, or other gadgets or
19 installations which shall interfere with or impair air navigation and may cause
20 mishaps in the operations of aircraft.

21 Section 30. **Building Permits Subject to Prior Approval of Authority.** - No
22 building permit or other license, or authority of any kind or nature shall be granted by
23 local authorities with respect to buildings and installations covered by the preceding
24 section, or for any other activity that may endanger the safety of navigation or flight,
25 without the prior approval of the Authority. Should any conflict arise between the
26 Authority and the local government units concerned on matters affecting the safety of
27 navigation as cited above, or other matters within the jurisdiction of the Authority, the
28 decision of the Authority shall prevail.

29 For this purpose, the Authority may call upon any law enforcement agency,
30 other instrumentality of the government, or local government, to enforce rules and
31 regulations, which may include removal of the obstructions to the safety of flight,

including the seizure of personal properties that may directly or indirectly cause danger to the safety of navigation or flight.

Section 31. ***Role of Departments, Bureaus, Offices and Other Agencies and Instrumentalities of the Government.*** - All Heads of the Departments, Bureaus, Offices, Agencies, and Instrumentalities of the Government are hereby directed to give full support to the institutionalization and restructuring program of civil aviation, and to cooperate and coordinate with the Authority to facilitate and expedite the transition.

Section 32. ***Relationship with Local Governments.*** - Existing laws, rules and regulations to the contrary, notwithstanding, the Authority shall, in coordination with the local government units, exercise administrative and regulatory powers over any land, building, installation and appurtenances thereto, including constructions of any building, road, tower, within the territorial areas, the airspace above the zones, including the navigable airspaces.

Section 33. ***Police Authority.*** - The Authority shall have the power to exercise such police authority within its premises or area of operations as may be necessary to carry out its functions and attain its purposes and objectives *provided*, that the Authority may request the assistance and deputation of any law enforcement agency. Such police authority shall be exercised in providing public safety; maintaining peace and order; ensuring the security of passengers, crew, cargo and aircraft, buildings, installations, equipment and machinery; regulating and controlling entry into, and exit from, and movement within controlled areas; supervising private security guards, and enforcing rules and regulations of the Authority.

ARTICLE VI

TRANSITORY PROVISIONS

Section 34. ***Abolition of the Air Transportation Office.*** - The Air Transportation Office (ATO) under the Department of Transportation and Communications (DOTC) is hereby abolished.

All powers, duties, and rights vested by the Law and exercised by the Air Transportation Office (ATO) is hereby transferred to the Authority.

1 All assets, real and personal properties, funds and revenues owned by or
2 vested in the different offices of the ATO, are transferred to the Authority. All
3 contracts, records and documents relating to the operations of the abolished agency
4 and its offices and branches are likewise transferred to the Authority.

5 Section 35. **Transfer of Personnel of Air Transportation Office.** - To ensure
6 smooth transition into a corporate structure, the incumbent Assistant Secretary of the
7 Air Transportation Office shall continue to hold office and assume the powers of the
8 Director-General until his successor shall have been appointed and inducted into
9 office in accordance with this Act. Officials and employees of the ATO shall be
10 absorbed into the Authority on the basis of merit and fitness; *Provided*, that officials
11 and employees who shall be laid-off during the first two years of the effectivity of this
12 Act and as a result of this reorganization, shall be entitled to gratuity at the rate
13 equivalent to two (2) months salary for every year of continuous and satisfactory
14 service rendered of the equivalent nearest fraction thereof favorable to them on the
15 basis of the highest salary received, in addition to the retirement benefits or pensions
16 under existing law.

17 Such officers and employees who may later be reinstated in the Authority, or
18 who shall be rehired in any government office or instrumentality, shall refund the
19 unearned portion of gratuity received from the Authority before he shall be reinstated
20 or rehired.

21 Section 36. **Organization of the Authority.** - Within sixty (60) days from
22 effectivity of this Act, the Board of Directors of the Authority, or if none has been
23 appointed, the incumbent Director-General or Assistant Secretary of ATO, as the
24 case may be, shall organize the Authority.

25 Section 37. **Appropriations.** -The amount of Seven Billion Five Hundred
26 Million Pesos (P7,500,000,000.00) is hereby appropriated for the purpose of funding
27 the gratuity to be distributed under Section 31 hereof.

28 Section 38. **Saving Clause.**- All orders, determinations, rules, regulations,
29 permits, certificates, licenses and privileges which have been issued, made, granted,
30 or allowed to become effective by the ATO and its predecessors shall continue to be

1 in effect according to their terms until modified, amended, revoked, canceled,
2 superseded, or set aside.

3 Section 39. ***Injunction and Restraining Order.*** - The implementation of the
4 projects for the institutionalization and restructuring of the aviation industry shall not
5 be restrained or enjoined except by an order issued by the Supreme Court of the
6 Philippines.

7 Section 40. ***Legal Counsel.*** - Without prejudice to the appointment of
8 Corporate Counsel by the Board, the Government Corporate Counsel shall be the
9 ex-officio counsel of the Authority.

10 Section 41. ***Auditor.*** - The Commission on Audit shall appoint a
11 representative who shall be the full-time auditor of the Authority, and such personnel
12 as may be necessary to assist said representative in the performance of his duties.

13 Section 42. ***Implementing Rules and Regulations.*** - The Authority shall
14 adopt rules and regulations to implement the provisions of this Act within sixty (60)
15 days from its approval.

16 Section 43. ***Separability Clause.*** - If for any reason, any section or provision
17 of this Act shall be declared unconstitutional or invalid, the other sections or
18 provisions hereof which are not affected thereby, shall continue in full force and
19 effect.

20 Section 44. ***Repealing Clause.*** - All acts, decrees, orders, executive orders,
21 instructions, rules and regulations or parts thereof inconsistent with the provisions of
22 this Act are repealed or modified accordingly.

23 Section 45. ***Effectivity.*** - This Act shall take effect thirty (30) days after its
24 approval and publication in the Official gazette and in a newspaper of general
25 circulation.

26 **Approved,**