

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

SECOND REGULAR SESSION

HOUSE BILL NO. 5336



Introduced by Reps. GIORGIDI B. AGGABAO, ARTURO B. ROBES and
MARCELINO R. TEODORO

EXPLANATORY NOTE

This bill seeks to amend Republic Act 776 or the Civil Aeronautics Board (CAB) Act which was approved in 1952 and was partially amended by Presidential Decree 1462. In the process, this proposed measure will strengthen the constitutional right of Congress to regulate public utilities including public transportation.

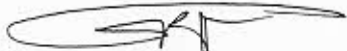
Due to the rapid ascent of globalization, various industries were deregularized, corporate developments were seen such as mergers, establishment of holding companies, and emerging domestic and foreign partnerships. Public utilities like telecommunications, power, air transport were not exempt from these developments. Henceforth, regulatory agencies on these particular industries must really function to protect public interest.

There is a clamor from lawmakers and the public alike that the right of the State to regulate public utilities be strengthened through Congress or the regulatory agency assure the protection of the public from these emerging corporate trends which tend to control ownerships and dominate the public utilities.

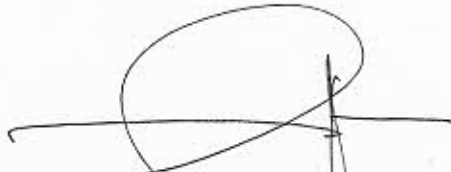
Sec. 11, Article 12 of the 1987 Constitution is explicit in its provision regarding the power of Congress to amend, alter, repeal franchises and takes precedence over and above any law as such a review and modification should be undertaken of Section 8, Article III, Chapter I, Part X of the 1972 Integrated Reorganization Plan which gave authority to the CAB to issue, deny, amend, revise, alter, modify, cancel, suspend or revoke, in whole or in part, upon petition or complaint, or upon its own initiative, any temporary operating permit or Certificate of Public Convenience and Necessity.

In view of the importance of strengthening the Congressional mandate with regards to franchises amidst the emerging corporate trends on ownership, the State should amend the delegated powers of public service agencies in issuing licenses and permits and require prior grant of legislative franchise from Congress to any operator of public utilities to protect public interest.

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



Rep. GIORGIDI B. AGGABAO
4th District, Isabela



Rep. ARTURO B. ROBES
Lone-District, San Jose del Monte City



Rep. MARCELINO "Marcy" R. TEODORO
1st District, Marikina City

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AN ACT
AMENDING SECTIONS 10, 11, 22 and 24 OF REPUBLIC ACT 776,
OTHERWISE KNOWN AS THE CIVIL AERONAUTICS ACT OF THE
PHILIPPINES, AS AMENDED

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

SECTION 1. Section 10 of the Civil Aeronautics Act of the Philippines created
under Republic Act No. 776, otherwise known as the Civil Aeronautics Board
charter is hereby amended to read as follows:

"SECTION 10: *Powers and duties of the Board* – (A) Except as otherwise
provided herein, the Board shall have the power to regulate the economic
aspect of air transportation, and shall have the general supervision and
regulation of, the jurisdiction and control over, air carriers, general sales
agents, cargo sales agents and airfreight forwarders as well as their
property, property rights, equipment, and facilities, [and franchise] in so far

as may be necessary for the purpose of carrying out the provisions of this Act.

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(C) The Board shall have the following specific powers and duties:

(1) In accordance with the provisions of Chapter 4 of this Act, to issue, deny, amend, revise, alter, modify, cancel, suspend, or revoke, in whole or in part, upon petition or complaint, or upon its own initiative, any temporary operating permit or Certificate of Public Convenience and Necessity (CPCN); Provided, however, THAT NO CPCN SHALL BE ISSUED PRIOR TO A VALID LEGISLATIVE FRANCHISE OF THE AIRLINE COMPANY AND that in the case of foreign air carriers, the permit shall be issued with the approval of the President of the Republic of the Philippines.

xxx

(4) To approve or disapprove increase and/or decrease of capital, lease, purchase, lease and acquisition and control of operating contracts between domestic foreign air carriers, or between domestic air carriers or any person engaged in any phase of aeronautics AND IMMEDIATELY INFORM CONGRESS OF THE SAME.

xxx”

SECTION 2. Section 11 is hereby amended to read as follows:

“SECTION 11. Section *Nature, terms and conditions* – Certificate of Public Convenience and Necessity is a permit issued by the Board authorizing a person to engage in air commerce and/or transportation, foreign and/or domestic. No person shall engage in air commerce

WITHOUT THE PRIOR GRANT OF A LEGISLATIVE FRANCHISE BY CONGRESS and unless there is in force a permit issued by the Board.

No general sales agent, cargo sales agent or airfreight forwarder shall engage in any of the activities mentioned in Section 3 paragraphs (jj), (kk) and (ll) respectively, unless there is in force a permit or any other form of authorization issued by the Board.

xxx

There shall be attached to the exercise of the privileges granted by the LEGISLATIVE FRANCHISE AND THE permit, or amendment thereto, such reasonable terms, conditions, or limitations as, in the judgment of the Board, the public interest may require.

xxx"

SECTION 3. Section 22 is hereby amended to read as follows:

"SECTION 22. *Modification, suspension or revocation* – The Board UPON PRIOR NOTIFICATION OF CONGRESS and upon petition or complaint or upon its own initiative, may, by order entered after notice and opportunity for hearing, alter, amend, modify or suspend any permit, in whole or in part, if public convenience and necessity so require, or may revoke any permit in whole or in part, for intentional failure to comply with any provision of this Act or any order, rule or regulation issued thereunder, or any term condition or limitation of such permit.

Provided, That the Board, for good cause, may by order, without notice and hearings, AND WITHOUT CONGRESSIONAL APPROVAL, suspend for a period not to exceed thirty days, any permit or the exercise or any

privilege or authority issued or granted under this Act whenever such step shall, in the judgment of the Board, be necessary to avoid serious or irreparable damage or inconvenience to the public. Any interested person may file with the Board a protest or memorandum in support of or opposition to the alteration, amendment, modification, suspension or revocation of any permit."

SECTION 4. Section 24 is hereby amended to read as follows:

"SECTION 24. *Effective date and duration of permit* - Each permit shall be effective from the date specified therein and shall continue in effect until suspended or revoked or until the Board shall certify that operation thereunder has ceased: Provided, That if any service authorized by a permit is not inaugurated within a period of ninety (90) days after the date of authorization as shall be fixed by the Board or after such other period as may be designated by the Board, the Board may by order direct that such permit shall thereupon cease to be effective to the extent of such service; PROVIDED, ALSO, THAT THE BOARD SHALL NOTIFY CONGRESS ON ANY CHANGE OF STATUS OF THE AIRLINE FRANCHISE GRANTEE; Provided, further, That no permit shall be issued for a period of more than twenty five (25) years OR THAT WOULD EXCEED THE TENURE OF THE FRANCHISE."

SEC. 2. *Repealing Clause* – All laws, decrees, executive orders, proclamations, rules and regulations and other issuances, or parts thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified.

SEC. 3. *Effectivity Clause*. – This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved.