

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session



HOUSE OF REPRESENTATIVES

H. NO. 321

Introduced by Representative Joseller "Yeng" M. Guiao

Explanatory Note

With the pressing problem of congestion at the Ninoy Aquino International Airport in Metro Manila, the Clark International Airport is being envisioned to be Philippines' next premier international airport.

This vision and plan, however, are hampered by the inadequate powers and functions of Clark International Airport Corporation (CIAC), the government-owned-and-controlled corporation presently attached to the Department of Transportation and Communication primarily tasked to operate and manage the Clark Civil Aviation Complex (CCAC) including the Clark International Airport.

There is a need to establish a more stable and streamlined Authority with expanded capabilities to ensure the continued development and efficient management of the Clark Civil Aviation Complex, including the Clark International Airport.

This bill therefore proposes the creation of the CORAZON C. AQUINO INTERNATIONAL AIRPORT AUTHORITY (CCAIAA) to ensure the development of the area as the Philippines' next premier international airport.

It is for these reasons that I respectfully urge for the approval of this bill.


JOSELLER "YENG" M. GUIAO
Representative
1st District, Pampanga

HOUSE OF REPRESENTATIVES

H. NO. 321

Introduced by Representative Joseller "Yeng" M. Guiao

**AN ACT
CREATING THE CORAZON C. AQUINO INTERNATIONAL
AIRPORT AUTHORITY,
TRANSFERRING EXISTING ASSETS
OF THE CLARK INTERNATIONAL AIRPORT CORPORATION
TO THE AUTHORITY,
VESTING THE AUTHORITY WITH POWER TO ADMINISTER
AND OPERATE THE CORAZON C. AQUINO INTERNATIONAL
AIRPORT, AND FOR OTHER PURPOSES**

SECTION 1. *Title.* — This Act shall be known and cited as the "Charter of the Corazon C. Aquino International Airport Authority."

SECTION 2. *Corazon C. Aquino International Airport.* — The present Clark International Airport located within the Clark Civil Aviation Complex is hereby renamed as the Corazon C. Aquino International Airport, hereinafter referred to as the CCAIA.

SECTION 3. *Creation of the Corazon C. Aquino International Airport Authority.* — There is hereby established a body corporate to be known as the Corazon C. Aquino International Airport Authority, hereinafter referred to as the Authority, which shall be attached to the Department of Transportation and Communications. The principal office of the Authority shall be located at the Clark Civil Aviation Complex.

The Authority may have such branches, agencies or subsidiaries as it may deem proper and necessary.

SECTION 4. *Clark Civil Aviation Complex.* — The Authority shall have jurisdiction over the entire Clark Civil Aviation Complex comprised of 2,200 hectares, as well as of the area of approximately 166.9 hectares within the Clark Industrial Estate 5, which is bounded on the East by the East Perimeter Wall; on the West by the Subic-Clark-Tarlac Expressway (SCTEX) Interchange; and on the North by the SCTEX Logistics Interchange, collectively referred to as the Complex.

SECTION 5. *Primary Purposes and Objectives.* — The Authority shall principally undertake the economical, efficient and effective control, management and supervision of the entire Complex including the CCAIA, and such other airports as may be established within the Complex. In addition, it shall have the following objectives:

(a) To promote the CCAIA as a major hub and gateway in Luzon and to encourage, promote and develop international and domestic air traffic in Luzon, particularly Region III as a means of making it as one of the premier regional centers of international trade and tourism, and accelerating the development of the means of transportation and communications in the country; and

(b) To upgrade the services and facilities of the airports and to formulate internationally acceptable standards of airport accommodation and service.

SECTION 6. *Functions, Powers and Duties.* — The Authority shall have the following functions, powers and duties:

(a) To formulate a comprehensive and integrated development policy and program for the entire Complex including the CCAIA and to implement review and update such policy and program periodically;

(b) To control, supervise, construct, maintain, operate and provide such facilities or services as shall be necessary for the efficient functioning of the CCAIA;

(c) To promulgate rules and regulations governing the planning, development, maintenance, operation and improvement of the Complex including the CCAIA, and to control and supervise the construction of any structure or the rendition of any service within the Complex;

(d) To exercise all the powers of a corporation under the Corporation Code of the Philippines, insofar as those powers are not inconsistent with the provisions of this Act;

(e) To acquire, purchase, own, administer, lease, mortgage, any land, building, airport facility, or property of whatever kind and nature, whether movable or immovable, or any interest therein: *Provided*, That any asset located within the Complex important to national security shall not be subject to alienation or mortgage by the Authority nor to transfer to any entity other than the National Government;

(f) To exercise the power of eminent domain in the pursuit of its purposes and objectives;

(g) To levy and collect dues, charges, fees or assessments for the use of airport premises, works, appliances, facilities or concessions, or for any service provided by the Authority;

(h) To retain and appropriate dues, fees, and charges collected by the Authority relative to the use of airport premises for such measures as

may be necessary to make the Authority more effective and efficient in the discharge of its assigned tasks;

(i) To invest its idle funds, as it may deem proper, in government securities and other evidences of indebtedness; and

(j) To provide services, whether on its own or otherwise, within the airports and the approaches thereof as may be necessary or in connection with the maintenance and operation of the airports and their facilities.

SECTION 7. *Police Authority.* — The Authority shall have the power to exercise such police authority as may be necessary within the Complex or areas of operation to carry out its functions and attain its purposes and objectives: *Provided*, That the Authority may request the assistance of law enforcement agencies, including request for deputization as may be required.

SECTION 8. *Incentives Administration Authority.* — The Authority shall have the power to administer incentives to investors within Complex as follows:

Business establishments operating within the Zone shall be entitled to the existing fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority (EPZA), as amended by the Republic Act 7916 or the "Special Special Economic Zone of 1995", or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987;

Any provision of existing law, rules or regulations to the contrary notwithstanding, no taxes, local and national, shall be imposed on business establishments operating within the Zone. In lieu of paying taxes, said business establishments shall pay and remit to the national government five per centum (5%) of their gross income to be divided as follows:

(1) One per centum (1%) shall accrue to the general fund of the national government;

(2) Two per centum (2%) to be shared by the cities and municipalities affected by the declaration of the Zone equally; and

(3) Two (2%) to the Authority which shall be created under this Act.

Existing banking laws and Bangko Sentral ng Pilipinas (BSP) rules and regulations shall apply on foreign exchange and other current account transactions (trade and non-trade), local and foreign borrowings, foreign investments, establishment and operation of local and foreign banks, foreign currency deposit units, offshore banking units and other financial institutions under the supervision of the BSP.

Any foreign investor who establishes a business enterprise within the Civil Aviation Complex and who maintains capital investment of not less than One Hundred Fifty Thousand United States dollars

(US\$150,000) shall be granted, along with his or her spouse, dependents, and unmarried children below twenty-one (21) years of age, a permanent resident status within the Zone. The responsibility and authority to grant such permanent resident status is hereby delegated to the Authority.

Each foreign investor and his or her spouse, dependents, and unmarried children below age of twenty-one (21) years, shall have the freedom of ingress and egress to and from the Zone without need of any special authorization from the Bureau of Immigration.

Likewise, the Authority shall issue working visas renewable every two (2) years to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses, as certified by the Department of Labor and Employment.

The names of foreigners granted permanent resident status and working visas by the Authority shall be reported to the Bureau of Immigration within thirty (30) days from such grant.

The foregoing is without prejudice to a foreigner acquiring permanent resident status in the Philippines in accordance with the applicable immigration, retirement, and other related laws.

SECTION 9. *Board of Directors.* — The corporate powers of the Authority shall be exercised by and vested in a Board of nine (9) members, which shall be composed of a Chairman, a Vice-Chairman and seven (7) members.

- (a) A Chairman who shall be the Cabinet Secretary of the Department of Trade and Communication;
- (b) A Vice-Chairman who shall be the Cabinet Secretary of the Department of Tourism;
- (c) Seven (7) members consisting of:
 - (i) Director General of the Civil Aviation Authority of the Philippines (CAAP) as ex-officio Member;
 - (ii) President of the Manila International Airport Authority as ex-officio Member;
 - (iii) Secretary of the Department of Justice as ex-officio Member;
 - (iv) Secretary of the Department of Finance as ex-officio Member;
 - (v) President of the Clark Development Corporation or its duly constituted successor; and

- (vi) Two (2) other members to be appointed by the President of the Philippines from the private sector.

Except for the ex-officio Members, the Members of the Board, shall be appointed by the President of the Philippines in accordance with the provisions of Republic Act No. 10149, otherwise known as the GOCC Governance Act of 2011, and shall serve for a fixed term of five (5) years, unless sooner separated from service due to death, voluntary resignation or removal for cause, provided that appointment to any future vacancy shall only be for the unexpired term of the predecessor.

No person shall be appointed by the President as a member of the Board unless he or she is a Filipino citizen, of good moral character, of proven probity and integrity, and a degree holder in any of the following fields: civil aviation, economics, business, tourism, law, engineering or their equivalent, and with at least five (5) years of actual and distinguished experience in aviation services.

The Board shall promulgate its rules relative to meetings, quorum requirements and compensation or allowances of the members of the Board.

SECTION 10. *Functions, Powers and Duties of the Board.* — The Board shall have the following functions, powers and duties, among others:

- (a) To define and approve the programs, plans, policies, procedures and guidelines of the Authority for the development and operation of the Complex;

- (b) To appoint the President of the Authority who shall be the chief executive officer of the Authority;

- (c) To approve the Authority's organizational and administrative structure, staffing pattern, operating and capital expenditures, and financial budgets, upon recommendation of the President, subject to existing laws, rules and regulations;

- (d) To approve salary ranges, benefits and other terms and conditions of service for all officers and employees of the Authority, upon recommendation of the President, which shall, as far as possible, be competitive with those offered in the private sector, subject to existing laws, rules and regulations;

- (e) To approve the annual budget and such supplemental budgets which may be submitted to it by the management;

- (f) To fix the rate dues, charges, fees or assessments for the use of airport premises, works, appliances, facilities, concessions, services and other fees and charges related to the activities of the airports, upon recommendation of the President;

(g) To undertake and regulate the establishment, operation and maintenance of business services, building construction, and operational facilities within the Complex;

(h) To regulate, accept, administer and manage any local or foreign investment, business or enterprise in the areas owned or managed by the Corporation in accordance with law;

(i) Generally, to exercise all the functions and powers necessary or incidental to attain the purposes and objectives of this Act.

SECTION 11. *Functions, Powers and Duties of the President.* — The President shall be directly responsible to the Board and shall have the following functions, powers and duties:

(a) To direct and supervise the management, operation and administration of the Complex including the airport;

(b) To implement and enforce decisions, orders, rules and regulations issued, prescribed or adopted by the Board;

(c) To undertake researches, studies, investigations and other activities related to the present operations and future improvement of the airports, and to submit comprehensive reports and appropriate recommendation to the Board for proper action;

(d) To appoint, transfer, suspend, remove or otherwise discipline any subordinate officer or employee of the Authority, subject to the approval of the Board;

(e) Within the limits of the authority delegated to him by the Board, to execute contracts, incur obligations, acquire and dispose of assets and deliver documents on behalf of the Authority;

(f) To grant permits or concessions to do business within the airports in accordance with such rules and regulations to be promulgated by the Authority for the purpose; and

(g) To perform such other duties as the Board may delegate or assign, and such acts as may be necessary and proper to implement this Act.

SECTION 12. *Capital.* — The Authority shall have an authorized capital stock equal to and consisting of:

(a) The value of fixed assets (including airport facilities, runways and equipment) and such other properties, movable and immovable, currently administered by or belonging to the CIAC, including the Complex, as valued on the date of the effectivity of this Act;

(b) The value of such real estate owned and/or administered by the CIAC, including the Complex.

SECTION 13. *Auditor.* — The Commission on Audit shall appoint a representative who shall be the auditor of the Authority, together with

the necessary personnel to assist said representative in the performance of his duties. The number and salaries of the auditor and said personnel shall be determined by the Chairman of the Commission on Audit, subject to the rules and regulations of the Commission on Audit.

The auditor shall, as soon as practicable, but not later than three (3) months after the accounts have been submitted for audit, send an annual report to the Board. The auditor may also submit such periodic or special reports as the Board may deem necessary.

SECTION 14. *Annual Report.* — The Board shall submit to the President of the Philippines through the Department of Transportation and Communications and to both Houses of the Congress of the Philippines, together with the audit report on the relevant accounts, an annual report generally dealing with the activities and operations of the Authority.

SECTION 15. *Borrowing Power.* — The Authority may, in accordance with Section 21, Article XII of the Constitution and other existing laws, rules and regulations on local or foreign borrowing, raise funds, either from local or international sources, by way of loans, credit or securities, and other borrowing instruments with the power to create pledges, mortgages and other voluntary liens or encumbrances on any of its assets or properties, subject to the prior approval of the President of the Philippines.

All loans contracted by the Authority under this section, together with all interests and other sums payable in respect thereof, shall constitute a charge upon all the revenues and assets of the Authority and shall rank equally with one another, but shall have priority over any other claim or charge on the revenue and assets of the Authority: *Provided*, That this provision shall not be construed as a prohibition or restriction on the power of the Authority to create pledges, mortgages and other voluntary liens or encumbrances on any asset or property of the Authority.

The payment of the loans or other indebtedness of the Authority may be guaranteed by the National Government subject to the approval of the President of the Philippines.

SECTION 16. *Tax Exemptions.* — The Authority shall be exempt from realty taxes imposed by the National Government or any of its political subdivisions, agencies and instrumentalities: *Provided*, That no tax exemption herein granted shall extend to any subsidiary which may be organized by the Authority.

SECTION 17. *Transfer of Existing Facilities and Intangible Assets.* — All existing public airport facilities, runways, lands, buildings and other properties, movable or immovable, belonging to or presently administered by the CIAC, including the Complex, and all assets, powers, rights, interest and privileges relating to airport works or air operations, including all equipment which are necessary for the operation of air navigation, aerodrome control towers, rescue and fire

fighting facilities are hereby transferred to the Authority: *Provided, however,* That the operational control of all equipment necessary for the operation of radio aids to air navigation, airways communication, the approach control office, and the area control center shall be retained by the CAAP. No equipment, however, shall be removed by the CAAP from CCAIA without the concurrence of the Authority. The Authority may assist in the maintenance of the CAAP equipment, *Provided, further,* That any delay in the execution of such documents of transfer and conveyance shall not, in any event, delay, hinder or deter the immediate exercise of all powers of control and supervision over CIAC by the Authority, including without limitation, the power to reorganize the CIAC in accordance with the existing laws, rules and regulations.

SECTION 18. *Projects in Progress.* — All ongoing projects relating to the construction of airport facilities and supply of equipment shall be administered and undertaken by the Authority.

SECTION 19. *Transfer of Liabilities and Debts.* — Upon the transfer to and acceptance by the Authority of the existing physical facilities, intangible assets and completed projects referred to in the preceding sections, all debts, liabilities, and obligations of government agencies or entities concerned in respect of such physical facilities, tangible assets and completed projects within the airports shall likewise be assumed by the Authority.

SECTION 20. *Abolition of the Clark International Airport Corporation.* — The Clark International Airport Corporation is hereby abolished. However, CIAC shall continue to function and operate under the existing laws, rules and regulations until the Authority is properly constituted and a new organizational structure, defining the scope of their powers, functions and/or limitations, is submitted to and approved by the President through an appropriate Executive Order.

SECTION 21. *Relationship with the Special Economic Zone Authority.* — The Authority shall work harmoniously with the Special Economic Zone Authority or the CDC or its duly constituted successor to ensure that the development programs of the Authority and its administration of investors within the Complex are aligned with the development program of the entire Clark Special Economic Zone and Clark Freeport Zone.

SECTION 22. *Relationship with the Local Government Units.* - Except as herein provided, the local government units comprising the Zone shall continue to retain their basic autonomy and identity. Angeles City, Mabalacat City, shall be governed by their respective charters; the municipalities of Porac, Bamban, Capas, shall operate and function in accordance with the Local Government Code of 1991. Except only to the extent provided in the Local Government Code, the Authority shall be autonomous and independent of the local government units comprising the Complex. In case of any conflict between the Authority and the local government units concerned on matters other than defense and security, the decision of the Authority shall prevail.

SECTION 23. *Repealing Clause.* — All laws, executive orders, letters of instruction, rules and regulations, or provisions thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 24. *Separability Clause.*— If for any reason any provision of this act is declared unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to have full force and effect except insofar as they are inconsistent with this Act.

SECTION 25. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulations. Within ninety (90) days from the effectivity of this Act, the Department of Trade and Communication, in coordination with the other agencies and departments involved, shall promulgate the rules and regulations necessary to implement the provisions of this Act.