

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



Sixteenth Congress
First Regular Session

HOUSE BILL NO. 1371

Introduced by Honorable Mylene J. Garcia-Albano

EXPLANATORY NOTE

This bill seeks the creation of the Davao International Airport Authority.

Davao City is the largest city in Mindanao and one of the most progressive cities in the Philippines. It serves as the center for trade, industries, education and tourism in Mindanao. Its airport, the Francisco Bangoy International Airport (FBIA) located in Davao City is one of the busiest airports in the Philippines. It also serves as the gateway to the sub-regional trade block known as East Asean Growth Area which is the center of economic cooperation in Southeast Asia that aims to accelerate trade, tourism and investment among its participating member countries like the Philippines, Malaysia, Brunei and Indonesia.

The FBIA plays a crucial role in the economic growth and development of the cities and provinces. Its efficient and effective administration will promote tourism and hasten trade and industrial relations not only within the country but also with other countries.

With the current adoption of the "*open sky policy*" of the Aquino government, it is the best time to enhance the quality of services and competitiveness of FBIA by creating a body that will principally undertake the control, management and supervision of the FBIA, and such other airports that may be established in Davao City and the provinces of Davao. A centralized body clothed with corporate personality will focus on adopting policies to exploit the potential of the FBIA to be a first class international airport. It will also

implement new technologies and efficient methodologies to improve its competitiveness so as to provide a safe and more efficient air transport service which is an essential element of any growing economy.

The creation of the Davao International Airport Authority will have a positive effect on the economic development of Davao City and the Davao Region. It will substantially contribute to the quest of the region to emerge as the premier socio-economic tourism center not only in the Philippines but also in the Asia-Pacific Region. Furthermore, it will also spur further economic growth of the surrounding provinces in Mindanao.

In view of the foregoing, approval of this bill is highly recommended.


MYLENE J. GARCIA-ALBANO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Sixteenth Congress
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HOUSE BILL NO. **1371**

Introduced by Honorable Mylene J. Garcia-Albano

AN ACT
CREATING THE DAVAO INTERNATIONAL AIRPORT AUTHORITY
TO ADMINISTER AND OPERATE THE FRANCISCO BANGROY
INTERNATIONAL AIRPORT AND APPROPRIATING FUNDS
THEREFOR

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

SECTION 1. ***Short Title.*** – This Act shall be known and cited as the
“*Charter of the Davao International Airport Authority.*”

SEC. 2. ***Davao International Airport Authority.*** – There is hereby
established a body corporate to be known as the Davao International Airport
Authority, hereinafter referred to as “Authority,” which shall be attached to the
Department of Transportation and Communications. The principal office of the
Authority shall be located at the Francisco Bangoy International Airport in Davao
City.

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

SEC. 3. ***Objectives.*** – The Authority shall principally undertake the economical, efficient and effective control, management and supervision of the Francisco Bangoy International Airport in Davao City and such other airports as may be established in any of the provinces of Davao del Sur, Davao del Norte, Compostela Valley and Davao Oriental.

In addition, the Authority shall have the following objectives:

- a) Encourage, promote and develop international and domestic air traffic in Davao Region as a means of making the region a center of international trade and tourism, and accelerating the development of the means of transportation and communications in the country; and
- b) Upgrade the services and facilities of the Francisco Bangoy International Airport and formulate internationally acceptable standards of airport accommodation and service.

SEC. 4. ***Duties and Functions.*** – The Authority shall exercise the following duties and functions:

- a) Formulate a comprehensive and integrated development policy and program for the Francisco Bangoy International Airport and implement, review and update such policy and program periodically;
- b) Control, supervise, construct, maintain, operate and provide such facilities or services as shall be necessary for the efficient functioning of the Francisco Bangoy International Airport;

c) Promulgate rules and regulations governing the planning, development, maintenance, operation and improvement of the Francisco Bangoy International Airport, and control and supervise the construction of any structure or the rendition of any service within the Francisco Bangoy International Airport;

d) Exercise all the powers of a corporation under Batas Pambansa Blg. 68, otherwise known as the “*Corporation Code of the Philippines*,” insofar as those powers are not inconsistent with the provisions of this Act;

e) Acquire, purchase, own, administer, lease, mortgage, sell or otherwise dispose of 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 in the Francisco Bangoy International Airport 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) Exercise the power of eminent domain in the pursuit of its purposes and objectives;

g) 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) 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) Invest its idle funds, as it may deem proper, in government securities and other evidences of indebtedness; and

j) Provide services, whether on its own or otherwise, within the Francisco Bangoy International Airport and the approaches thereof as may be necessary or in connection with the maintenance and operation of the Francisco Bangoy International Airport and their respective facilities.

SEC. 5. *Police Authority.* – The Authority shall have the power to exercise such police authority as may be necessary within its premises 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. Such police authority shall be exercised in connection with the following, among others:

(a) Maintenance of security to passengers, cargoes, aircraft, airport equipment, structures, facilities, personnel, funds and documents;

(b) Regulation of the entry to, exits from and movement within the airports;

(c) Maintenance of peace and order within the premises of the Francisco Bangoy International Airport;

(d) Regulation and supervision of private security agencies operating in the Francisco Bangoy International Airport;

(e) Enforcement of rules and regulations promulgated by the Authority pursuant to law; and

(f) In case of emergencies or imminent danger involving national security within the airport premises, the Philippine Air Force Security Command shall take charge.

SEC. 6. **Board of Directors.** – The corporate powers of the Authority shall be exercised by and vested in the Board of Directors which shall be composed of a Chairman, a Vice-Chairman and nine (9) members. The Secretary of Transportation and Communications and the General Manager of the Authority shall be the *ex officio* Chairman and Vice-Chairman of the Board, respectively.

The Assistant Secretary of the Air Transportation Office and the Secretaries of the following executive departments or any Undersecretary or Assistant Secretary designated by the respective Secretaries shall be *ex officio* members, to wit: Department of Finance, Department of Justice and Department of Tourism. In addition, four (4) members from the private sector who are residents of Davao City or the Province of Davao shall be appointed by the President of the Philippines for a term of four (4) years. The governor of the Province of Davao or his duly authorized representative shall be the ninth member.

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

SEC. 7. **Functions of the Board.** – The Board shall exercise the following functions:

- a) Define and approve the programs, plans, policies, procedures and guidelines of the Authority for the development and operation of the Francisco Bangoy International Airport;
- b) Appoint the General Manager of the Authority who shall be the chief executive officer of the Authority;
- c) Approve the Authority's organizational and administrative structure, staffing pattern, operating and capital expenditures, and financial budgets, upon recommendation of the General Manager, subject to existing laws, rules and regulations;
- d) Approve salary ranges, benefits and other terms and conditions of service for all officers and employees of the Authority, upon recommendation of the General Manager, which shall, as far as possible, be competitive with those offered in the private sector, subject to existing laws, rules and regulations.
- e) Fix the rate of 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 General Manager; and
- f) Exercise all the functions and powers necessary or incidental to attain the purposes and objectives of this Act.

SEC. 8. ***Duties of the General Manager.*** – The General Manager shall be directly responsible to the Board and exercise the following duties:

- a) Direct and supervise the day-to-day management, operation and administration of the Francisco Bangoy International Airport;
- b) Implement and enforce decisions, orders, rules and regulations issued, prescribed or adopted by the Board;
- c) Undertake researches, studies, investigations and other activities related to the present operations and future improvement of the Francisco Bangoy International Airport, and submit comprehensive reports and appropriate recommendations to the Board for proper action;
- d) Appoint, transfer, suspend, remove or otherwise discipline any subordinate officer or employee of the Authority, subject to the approval of the Board and in accordance with the existing rules and regulations of the Civil Service Commission;
- e) Within the limits of the authority delegated to him by the Board, execute contracts, incur obligations, acquire and dispose of assets, and deliver documents on behalf of the Authority;
- f) 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) Perform such other duties as the Board may delegate or assign, and such acts as may be necessary and proper to implement this Act.

SEC. 9. *Authorized Capital.* – The Authority shall have an authorized capital stock equal to:

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 Francisco Bangoy International Airport as valued on the date of the effectivity of this Act;

b) The value of such real estate owned or administered by the Francisco Bangoy International Airport; and

c) Government contribution in such amount as may be deemed an appropriate initial balance. Such initial amount, as approved by the President of the Philippines, which shall be more or less equivalent to six (6) months working capital requirement of the Authority, is hereby authorized to be appropriated in the annual General Appropriations Act of the year following the effectivity of this Act.

Thereafter, the government contribution to the capital of the Authority shall be provided for in the annual General Appropriations Act.

SEC. 10. ***Resident 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.

SEC. 11. *Annual Report.* – An annual report of the activities and operations of the Authority, together with the audit report shall be submitted by the Board to the President of the Philippines and both Houses of Congress of the Philippines through the Department of Transportation and Communications.

SEC. 12. *Applicability of Civil Service Laws.* – The Authority and its officials and employees shall be subject to the existing civil service laws and its rules and regulations.

SEC. 13. *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 financing 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.

SEC. 14. *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.

SEC. 15. *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 Francisco Bangoy International Airport, and all assets, powers, rights, interests and privileges relating to airport works or air operations, including all equipment which are necessary for the operation of air navigation, aerodrome control towers, crash, fire, and rescue 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 Air Transportation Office. No equipment, however, shall be removed by the Air Transportation Office from Francisco Bangoy International Airport without the concurrence of the

Authority. The Authority may assist in the maintenance of the Air Transportation Office equipment.

SEC. 16. ***Projects in Progress.*** – All ongoing projects relating to the construction of Francisco Bangoy International Airport facilities and supply of equipment shall be administered and undertaken by the Authority.

SEC. 17. ***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 Francisco Bangoy International Airport shall likewise be assumed by the Authority.

SEC. 18. ***Transitory Provision.*** – The General Manager of the Francisco Bangoy International Airport shall continue in office and shall perform all powers and functions of the Authority until such time as the General Manager is appointed in accordance with the provisions of this Act. Officials and employees whose services are terminated shall, if not eligible for retirement, be given gratuities equivalent to one (1) month salary for every year of continuous satisfactory service on the basis of the highest salary received in addition to other benefits accorded to them by existing laws.

SEC. 19. ***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.

SEC. 20. *Separability Clause.* – If any provision or part of this Act is declared invalid or unconstitutional, such parts or provisions not affected thereby shall remain in full force and effect.

SEC. 21. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,