

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Sixteenth Congress
First Regular Session



HOUSE BILL NO. 3485

Introduced by Representative **ELEANDRO JESUS F. MADRONA**

EXPLANATORY NOTE

This Bill seeks to grant the Southeast Asian Airlines International, Inc. (SEAIR INTERNATIONAL) a franchise to establish, operate and maintain domestic and international air transport services.

The SEAIR International, Inc. is a stock corporation incorporated under the laws of the Republic of the Philippines with the primary purpose to engage in the business of air transportation and related activities in all their aspects, including the operation of any aircraft of any kind and description, including airplanes and helicopters, owned or lease or acquired in any manner, for the carriage of passengers, cargo, freight and mail or all kinds and nature whatsoever; for itself or for others, scheduled or non-scheduled, within and outside the Philippines; to build, operate and maintain facilities for its operation.

SEAIR International is a separate and distinct airline that sprung from the leisure airline services of SEAIR, Inc., an airline that has now been converted into a low-cost carrier and rebranded into Tiger Air Philippines.

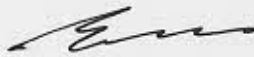
In SEAIR International's 5-Year Development Plan, it will service scheduled and chartered flights both local and international destinations.

SEAIR International will take over the leisure and pioneer routes of SEAIR, Inc. which is now concentrating on low-cost operations as a budget carrier purely utilizing Airbus aircraft for its operations. As such, SEAIR International intends to continue SEAIR, Inc.'s 16-year service

on leisure destinations such as Caticlan and Basco, among others, and as well as missionary destinations like inter-Palawan where bigger commercial planes cannot operate.

SEAIR International will serve public convenience and necessity as it will continue to provide the country and the riding public's much needed services to secondary routes which include not only exotic tourist destinations but more importantly missionary routes where none or only few airlines operate and invest on. This will pave way to the development of tourism by pioneering new and exciting destinations. In fact, it envisions to be the Philippines' Premium Leisure Airline.

Thus, the approval of this Bill is earnestly sought.



HON. ELEANDRO JESUS F. MADRONA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Sixteenth Congress
First Regular Session

HOUSE BILL NO. 3485

Introduced by Representative **ELEANDRO JESUS F. MADRONA**

AN ACT

GRANTING THE SOUTHEAST ASIAN AIRLINES INTERNATIONAL, INC. (SEAIR INTERNATIONAL) A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN DOMESTIC AND INTERNATIONAL AIR TRANSPORT SERVICES

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

1 **Section 1. Nature and Scope of Franchise.** – Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to Southeast
3 Asian Airlines International, Inc. hereunder referred to as the grantee, its successors or assigns, a
4 franchise to establish, operate and maintain transport services for the carriage of passengers,
5 mail, goods and property by air, both domestic and international.

6 Air transport services shall include maintenance and operation of hangars and aircraft
7 service stations and facilities and other services of similar nature which may be necessary,
8 convenient or useful as an auxiliary to aircraft transportation.

9 The grantee shall have the right at its terminal and landing fields, as well as in its aircraft,
10 to construct, operate and maintain stations or transmitting sets for wireless telegraphy and
11 direction findings, and other radio aids to air navigation, using wavelengths in accordance with
12 the rules and regulations made from time to time by the proper agencies of the government. The
13 wireless communication facilities shall be used solely for receiving and transmitting weather
14 forecasts and other matters in connection with the grantee's services.

15 **SEC. 2. Civil Aeronautics Board/ Civil Aviation Authority of the Philippines.** – The
16 grantee shall secure from the Civil Aeronautics Board (CAB) and the Civil Aviation Authority of
17 the Philippines (CAAP) the appropriate permits and licenses for its operations. The CAB and
18 CAAP, however, shall not unreasonably withhold or delay the grant of any such authority.

19 All aircraft used by the grantee including their accessories and equipment shall at all
20 times be airworthy and the crew members shall be licensed by the Government of the

Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the CAAP or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the CAAP.

The grantee shall comply with the provisions of Republic Act Numbered Seven Hundred and Seventy-Six (R.A. No. 776), otherwise known as the "Civil Aeronautics Act of the Philippines", and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. – Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/ or non-scheduled and/ or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require. *Provided, however,* that at least twenty-five percent (25%) of all its frequencies shall be for domestic market.

SEC. 4. Rates for Services. – The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the CAB and other proper regulatory agencies of the government.

SEC. 5. Term of Franchise. - This franchise shall be for a period of twenty-five (25) years from date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

(a) Commence operations within one (1) year from the approval of its operating permit by the CAB;

(b) Commence operations within two (2) years from the effectivity of this Act; and

(c) Operate continuously for two (2) years.

SEC. 6. Acceptance and Compliance. – Acceptance of this franchise shall be given in writing within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

SEC. 7. Bond. – The grantee shall file a bond issued in favour of the CAB, which shall determine the amount, to guarantee compliance with and fulfilment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 8. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the

Philippines on the grantee's line subject to such terms and conditions, restrictions and national policy consideration as the Philippine government may impose: Provided, That the Philippine government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 9. Contracts. - The grantee is authorized to enter into transportation contracts with the Philippine government, including the carrying of mail, upon such terms and conditions as may be mutual agreed upon. The grantee shall give preferential consideration to contracts with the Philippine government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other local and foreign-owned airlines particularly with those which have international routes.

SEC. 10. Right of Government. - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 11. Warranty in Favor of the National and Local Governments. - The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 12. Sale, Lease, Transfer, Usufruct, Assignment. - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privilege acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of Congress of the Philippines: Provided, That Congress shall be informed of any lease, transfer, granting the usufruct of, sale or assignment of franchise or the rights or privileges acquired within sixty (60) days after the completion of said transactions; Provided, further, That failure to report to Congress of such change of ownership shall render the franchise *ipso facto* revoked; Provided, finally, That any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 13. Dispersal of Ownership. - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least thirty percent (30%) of its outstanding capital stock or a higher percentage that may

1 hereafter be provided by law in any securities exchange in the Philippines within five (5) years
2 from the commencement of its operations. Non-compliance therewith shall render the franchise
3 *ipso facto* revoked.

4 **SEC. 14. *Equality Clause.*** – In the event that any competing individual, partnership or
5 corporation receives or enjoys or shall receive similar permit or franchise with terms, provisions
6 and/ or privileges more favorable than those herein granted or which tend to place herein grantee
7 at any disadvantage, then such terms and/ or provisions shall be deemed part hereof and shall
8 operate equally in favor of the herein grantee.

9 **SEC. 15. *Reportorial Requirement.*** - The grantee shall submit an annual report to the
10 Congress of the Philippines through the Committee on Legislative Franchises of the House of
11 Representatives and the Committee on Public Services of the Senate, on its compliance with the
12 terms and conditions of the franchise and on its operations within ninety (90) days from the end
13 of every year.

14 **SEC. 16. *Separability Clause.*** – If any of the sections or provisions of this Act is held
15 invalid, all other provisions not affected thereby shall remain valid.

16 **SEC. 17. *Repealability and Non-Exclusivity Clause.*** – This franchise shall be subject to
17 amendment, alteration, or repeal by the Congress of the Philippines when the public interest so
18 requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

19 **SEC. 18. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days from the date of
20 its publication in at least two (2) newspapers of general circulation in the Philippines.

21 Approved,