

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. **6021**



INTRODUCED BY REP. JOSEPH GILBERT F. VIOLAGO

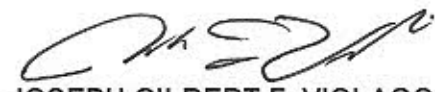
EXPLANATORY NOTE

This bill seeks to grant PILIPINAS ASIAN PEARL AIRWAYS, INC. a franchise to establish, operate and maintain domestic and international air transport services.

PILIPINAS ASIAN PEARL AIRWAYS, 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, as a common carrier 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; and to build, operate and maintain facilities for its operations.

Based on its 5-Year Development Plan, PILIPINAS ASIAN PEARL AIRWAYS, INC. shall be a full service airline servicing scheduled and chartered flights to and from local and international destinations.

PILIPINAS ASIAN PEARL AIRWAYS, INC. will serve public convenience and necessity as it will continue to provide the country and the riding public the 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. Approval of this franchise will pave way for the development of tourism by pioneering new and exciting destinations.


JOSEPH GILBERT F. VIOLAGO
Representative
2nd District, Nueva Ecija

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6021

INTRODUCED BY REP. JOSEPH GILBERT F. VIOLAGO

**AN ACT GRANTING THE PILIPINAS ASIAN PEARL AIRWAYS, INC. A FRANCHISE TO
ESTABLISH, OPERATE AND MAINTAIN DOMESTIC AND INTERNATIONAL AIR
TRANSPORT SERVICES**

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

1 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the 1987
2 Philippine Constitution and applicable laws, rules and regulations, there is hereby granted to
3 Pilipinas Asian Pearl Airways, Inc., hereunder referred to as the grantee, its successors or
4 assignees, a franchise to establish, operate and maintain transport services for the carriage of
5 passengers, mail, goods and property by air, both domestic and international.

6 Air transport services shall include the maintenance and operation of hangars and
7 aircraft service stations and facilities and other services of similar nature which may be
8 necessary, 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 (CAB).* - The grantee shall secure from the CAB the
16 appropriate permits and licenses for its operations.

1 All aircraft used by the grantee including their accessories and equipment shall at all
2 times be air worthy and the crew members shall be licensed by the Government of the
3 Philippines. They shall be equipped with radio communications, safety and other equipment and
4 shall be operated and maintained in accordance with the regulations and technical requirements
5 of the Civil Aviation Authority of the Philippines (CAAP) or other regulatory bodies the
6 government may prescribe for this purpose.

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

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

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

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

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

- 25 (a) Commence operations within one (1) year from the approval of its permit by the CAB;
- 26 (b) Operate continuously for two (2) years; and
- 27 (c) Commence operations within two (2) years from the effectivity of this Act.

1 SEC. 6. *Acceptance and Compliance.* - Acceptance of this franchise shall be given in
2 writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the
3 grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the
4 franchise void.

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

11 SEC. 8. *Landing Facilities.* - The grantee may use the landing and other airport facilities
12 on land and water as may be maintained or owned by the government within the Philippines on
13 the grantee's line subject to such terms and conditions, restrictions, and national policy
14 considerations as the Philippine Government may impose: *Provided*, That the Philippine
15 Government shall have the right to use the landing and other airport facilities as may be
16 maintained and owned by the grantee in the Philippines.

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

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

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

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

18 SEC. 13. *Dispersal of Ownership.* - In accordance with the constitutional provision to
19 encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least
20 thirty per cent (30%) of its outstanding capital stock or a higher percentage that may hereafter
21 be provided by law in any securities exchange in the Philippines within five (5) years from the
22 commencement of its operations.

23 Section 14. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity
24 granted under other existing franchises, or which may hereafter be granted, upon prior review
25 and approval of Congress, shall become part of this franchise and shall be accorded
26 immediately and unconditionally to the herein grantee: *Provided*, That the foregoing shall neither
27 apply to nor affect provisions of air transport services franchises concerning territory covered by
28 the franchise, the life span of the franchise or the type of service authorized by the franchise.

29 SEC. 15. *Reportorial Requirement.* - The grantee shall submit an annual report to the
30 Congress of the Philippines, through the Committee on Legislative Franchises of the House of

1 Representatives and the Committee on Public Services of the Senate, on its compliance with
2 the terms and conditions of the franchise and on its operations on or before April 30 of every
3 year during the term of its franchise. The reportorial compliance certificate issued by Congress
4 shall be required before any application for permit or certificate is accepted by the CAB.

5 SEC. 16. *Penalty Clause* – Failure of the grantee to submit the requisite annual report to
6 Congress shall be penalized by a fine in the amount of Five hundred pesos (P500.00) per
7 working day of noncompliance. The fine shall be collected by the CAB from the delinquent
8 franchise grantee, separate from the reportorial penalties imposed by the CAB.

9 SEC. 17. *Separability Clause*. – If any of the sections or provisions of this Act is held
10 invalid, all other provisions not affected thereby shall remain valid.

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

14 SEC. 19. *Effectivity*. – This Act shall take effect fifteen (15) days after its publication in
15 the *Official Gazette* or in a newspaper of general circulation.

Approved,