

Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5303



Introduced by Representative Sherwin N. Tugna

AN ACT GRANTING MAGNUM.AIR(SKYJET) INC. A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN DOMESTIC AND INTERNATIONAL AIR TRANSPORT
SERVICES, WITH NINOY AQUINO INTERNATIONAL AIRPORT – TERMINAL 4 AS
ITS BASE

EXPLANATORY NOTE

Transportation plays a crucial function to the nation's economic growth and development. Enhancing the country's competitiveness entails the constant improvement of our transportation services by providing the most convenient, cheapest, and comfortable means possible to freely transport goods and passengers. Citizens and foreigners can easily access all regions of the country, no matter how remote they are.

Magnum.Air(Skyjet) Inc. ("Skyjet") is a domestic airline that has been providing the country with vital air transportation services to remote areas in the Philippines for the past half-decade. Established in 2012 as an air charter company servicing travelers and tourists who wanted to visit Batanes, Skyjet has, since then, expanded its services, and is now providing regularly scheduled commercial flights to other similarly remote areas of the country and direct flights to exotic island destinations, such as Caticlan and Busuanga. Further, starting February 24, 2017, Skyjet will also offer and provide direct flights to Siargao, Surigao del Norte. Skyjet envisioned making travelling anywhere in the world, especially within our country, easier and easily accessible to everyone by providing direct flights to destinations which other major airlines do not offer, thus eliminating the need for connecting flights. In support, Skyjet sets up its base of operations at Ninoy Aquino International Airport – Terminal 4, at the heart of the Metropolitan Manila area.

In reaffirming its commitment to help increase commercial activity and tourism in the country, Skyjet has been steadily increasing its fleet capacity by acquiring at least one (1) aircraft per year for the past two (2) years. This is not only to cater to the numerous citizens of the country who have yet to discover the grandeur of their own landscape, but also to foreigners who wish to immerse themselves in the various sights and culture our country offers. These new aircrafts will ensure that more and more people would have better access to the remote but truly fascinating

wonders of the country. They will ultimately make travelling easier for anyone who wishes to truly understand what it means to live in our country.

Skyjet aims to continue its commitment in providing vital air services to the country and in contributing to the buoyancy of the country's economy. Skyjet intends to expand its operations by providing additional low-cost travel alternatives within and outside the country to overseas Filipino workers and their families, business people, and tourists. Its novel operations will certainly help in opening up and expanding the air travel market of the country and the region.

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



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*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
2 the Constitution and applicable laws, rules, and regulations, there is hereby granted
3 to MAGNUM.AIR(SKYJET) INC. hereunder referred to as the grantee, its successors
4 or assigns, a franchise to establish, operate and maintain transport services for the
5 carriage of passengers, mail, goods and property by air, both domestic and
6 international.

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

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

19
20 Sec. 2 *Civil Aeronautics Board.* – The grantee shall secure from the Civil
21 Aeronautics Board the appropriate permits and licenses for its operations.

22
23 All aircraft used by the grantee including their accessories and equipment
24 shall at all times be air worthy and the crew members shall be licensed by the

1 Government of the Philippines. They shall be equipped with radio communications,
2 safety and other equipment and shall be operated and maintained in accordance
3 with the regulations and technical requirements of Civil Aviation Authority of the
4 Philippines or such other regulatory bodies the government may prescribe for this
5 purpose.

6
7 The grantee's equipment and the operation of such equipment shall at all
8 times be subject to inspection and regulation by the Civil Aviation Authority of the
9 Philippines.

10
11 The grantee shall comply with the provisions of Republic Act Number Seven
12 Hundred and Seventy-Six (R.A. 776), otherwise known as the "Civil Aeronautics Act
13 of the Philippines", and the regulation promulgated thereunder from time to time.

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

21
22 *Sec. 4. Rates for Services.* – The grantee shall fix just and reasonable rates
23 for the transportation of passengers, mail, goods and freight, subject to the
24 regulations and approval of the Civil Aeronautics Board and other proper regulatory
25 agencies of the government.

26
27 *Sec. 5. Term of Franchise* - This franchise shall be for a term of twenty-five
28 (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled.
29 This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to
30 comply with any of the following conditions:

- 31
32 (a) Commence operation within one (1) year from the approval of its permit by
33 the Civil Aeronautics Board;
34 (b) Operate continuously for two (2) years; and
35 (c) Commence operations within two (2) years from the effectivity of this Act.

36
37 *Sec. 6. Acceptance and Compliance.* – Acceptance of this franchise shall be
38 given in writing within sixty (60) days after the effectivity of this Act. Upon giving such
39 acceptance, the grantee shall exercise the privileges granted under this Act. Non-
40 acceptance shall render the franchise void.

41
42 *Sec. 7. Bond.* – The grantee shall file a bond issued in favor of the Civil
43 Aeronautics Board, which shall determine the amount, to guarantee the compliance
44 with and fulfillment of the conditions under which this franchise is granted. If, after

1 three (3) years from the date of the approval of its permit by the Board, the grantee
2 shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise,
3 the bond shall be forfeited in favor of the government and the franchise *ipso facto*
4 revoked.

5
6 Sec. 8. *Landing Facilities.* – The grantee may use the landing and other
7 airport facilities on land and water as may be maintained or owned by the government
8 within the Philippines on the grantee's line subject to such terms and conditions,
9 restrictions and national policy considerations as the Philippine Government may
10 impose: *Provided*, That the Philippine Government shall have the right to use the
11 landing and other airport facilities as may be maintained and owned by the grantee
12 in the Philippines.

13
14 Sec. 9. *Contracts.* – The grantee is authorized to enter into transportation
15 contacts with the Philippine Government, including the carrying of mail, upon such
16 terms and conditions as may be mutually agreed upon. The grantee shall give
17 preferential consideration to contracts with the Philippine Government. The grantee
18 may likewise enter into transportation maintenance and/or servicing contracts, and
19 such other contracts relating to air transport with other foreign-owned airlines
20 particularly with those which have international routes.

21
22 Sec. 10. *Right of Government.* – A special right is hereby reserved to the
23 Philippine Government, upon order of the President, in times of war, rebellion, public
24 peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily
25 take over and operate the facilities or equipment of the grantee, to temporarily
26 suspend the operation of any facility or equipment of the grantee in the interest of
27 public safety, security and public welfare, or to authorize the temporary use and
28 operation thereof by any agency of the government, upon due compensation to the
29 grantee, for the use of said facilities or equipment during the period when they shall
30 be so operated.

31
32 Sec. 11. *Warranty in Favor of the National and Local Governments.* – The
33 grantee shall hold the national, provincial, city and municipal governments of the
34 Philippines harmless from all claims, accounts, demands or actions arising out of
35 accidents or injuries, whether to property or to persons, caused by the operation of
36 the services under the franchise hereby granted.

37
38 Sec. 12. *Non-Transferability of Franchise.* – The grantee shall not lease,
39 transfer, grant the usufruct of, sell nor assign this franchise of the rights and privilege
40 acquired thereunder to any person, firm, company, corporation or other commercial
41 or legal entity, nor merge with any other corporation or entity, nor shall the controlling
42 interest of the grantee be transferred whether as a whole or in parts and whether
43 simultaneously or contemporaneously, to any such person, firm, company,
44 corporation or entity without the prior approval of Congress. Any person or entity to

1 which this franchise is sold, transferred or assigned, shall be subject to the same
2 conditions, terms, restrictions and limitations of this Act.

3
4 Sec. 13. *Dispersal of Ownership.* – In accordance with the constitutional
5 provision to encourage public participation in public utilities, the grantee shall offer at
6 least thirty percent (30%) of its outstanding capital stock or a higher percentage that
7 may hereafter be provided by law in any securities exchange in the Philippines within
8 five (5) years from the commencement of its operations. Non-compliance therewith
9 shall render the franchise *ipso facto* revoked.

10
11 Sec. 14. *Reportorial Requirement.* – The grantee shall submit an annual
12 report to the Congress of the Philippines on its compliance with the terms and
13 conditions of the franchise and on its operations within sixty (60) days from the end
14 of every year.

15
16 Sec. 15. *Equality Clause.* – In the event that any competing individual,
17 partnership or corporation receives or enjoys or shall receive similar permit or
18 franchise with terms, provision and/or privileges more favorable than those herein
19 granted or which tend to place the herein grantee at any disadvantage, then such
20 terms and/or provisions shall be deemed part hereof and shall operate equally in
21 favor of the herein grantee.

22
23 Sec. 16. *Separability Clause.* – If any of the sections or provisions of this Act
24 is held invalid, all other provisions not affected thereby shall remain valid,

25
26 Sec. 17. *Repealability and Non-Exclusivity Clause.* – This franchise shall be
27 subject to amendment, alteration, or repeal by the Congress of the Philippines when
28 the public interest so requires and shall not be interpreted as an exclusive grant of
29 the privileges herein provided for.

30
31 Sec. 18. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from
32 the date of its publication, upon the initiative of the grantee, in at least two (2) papers
33 of general circulation in the Philippines.

34
35 Approved,