

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Constitution Hills, Quezon City

4
5 **SEVENTEENTH CONGRESS**
6 Second Regular Session
7

8
9 **HOUSE BILL NO. 6327**
10
11



Introduced by REP. JOHNNY T. PIMENTEL

12
13
14 **EXPLANATORY NOTE**
15

16 At present, the Philippines has 85 airports, composed mainly of small-scale airports. Nine
17 international airports facilitate travel to the Philippines from foreign countries. The main
18 regulatory body for the airline industry is the Civil Aviation Authority of the Philippines
19 (CAAP). The CAAP exercises operational and supervisory control over all domestic airports
20 in the country pursuant to Republic Act No. 9497, while the international airports are
21 governed by specific authorities created by law.
22

23 There is a pressing need to upgrade existing airports and air navigation facilities with
24 international standards of airport accommodation and services. The Philippine airports have
25 gradually lagged behind the international standards of airport facilities. Moreover, the
26 multitude of regulatory agencies for each international airport has resulted into a variety of
27 policies that are not necessarily consistent with one another.
28

29 The establishment of the Philippine Airport Management Authority (PAMA) is hereby
30 proposed. The PAMA will consolidate the functions of planning, developing, maintaining of
31 all airports, and regulating the privatized airports of CAAP. Further, the PAMA will ensure
32 an integrated guideline of operating international and domestic airport terminals in the
33 country.
34

35 For the aforementioned reasons, the passage of this bill is earnestly sought.
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JOHNNY T. PIMENTEL
Second District of Surigao del Sur

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13
14 **AN ACT CREATING THE PHILIPPINE AIRPORTS MANAGEMENT AUTHORITY,**
15 **DEFINING ITS POWERS, FUNCTIONS, AND RESPONSIBILITIES, PROVIDING**
16 **FUNDS THEREFOR**
17

18 *Be it enacted by the Senate and the House of Representatives of the Philippines in Congress*
19 *assembled:*
20

21 **Section 1. Title.** – This Act shall be known as the "Philippine Airports Management
22 Authority Act".
23

24 **Section 2. Definition of Terms.** – For purposes of this Act, the following shall mean:
25

26 (a) "Authority" refers to the Philippine Airports Management Authority;
27

28 (b) "Aircraft" refers to any machine that can derive support in the atmosphere from
29 the reactions of the air other than the reactions of the air against the earth's surface.
30 The term, when used in this Act, does not include State or public aircraft;
31

32 (c) "Airport" refers to a defined area on land or water, including any building,
33 installation, facilities and equipment, intended to be used either wholly or in part for
34 the arrival, departure and surface movement of an aircraft. The term, when used in
35 this Act, shall include all domestic and international airports in the country;
36

37 (d) "Board" refers to the Board of Directors of the Authority;
38

39 (e) "CAAP" refers to the Civil Aviation Authority of the Philippines;
40

41 (f) "Corporation Code" refers to Batas Pambansa Blg. 68;

1
2 **Section 3.** *Creation of the Philippine Airports Management Authority.* - There is hereby
3 established a body corporate to be known as the Philippine Airports Management Authority
4 under the Department of Transportation.
5

6 The Authority may establish such offices, branches, agencies or subsidiaries as it may deem
7 proper and necessary to administer and operate all domestic and international airport
8 terminals in the country: *Provided,* That the establishment of a subsidiary shall have the prior
9 approval of the Secretary of the Department of Transportation.
10

11 **Section 4.** *Primary Purposes and Objectives.* - The Authority shall principally have the
12 following purposes and objectives:
13

14 (a) To promote domestic and international air traffic in the Philippines as a means of
15 accelerating the development of aviation as a mode of transportation in the country,
16 and developing the as Philippines a center of international trade and tourism;
17

18 (b) To formulate and adopt, for application in all domestic and international airport
19 terminals in the country, internationally acceptable standards of airport
20 accommodation and service; and
21

22 (c) To upgrade and provide safe, efficient, and reliable airport facilities for domestic
23 and international air travel.
24

25 **Section 5.** *Functions, Powers and Duties of the Authority.* - The Authority shall have the
26 following functions, powers and duties:
27

28 (a) To formulate, in coordination with the CAAP, independent airport authorities and
29 other appropriate government agencies, a comprehensive and integrated policy and
30 program for all domestic and international airport terminals in the country, and to
31 implement, review and update such policy and program periodically;
32

33 (b) To control, supervise, construct, maintain, operate and provide such facilities and
34 services as shall be necessary for the safe and efficient functioning of all domestic and
35 international airport terminals in the country;
36

37 (c) To promulgate rules and regulations governing the planning, development,
38 maintenance, operation and improvement of domestic and international airport
39 terminals in the country, and to control and/or supervise, as may be necessary, the
40 construction of any structure or the rendition of any service within all domestic and
41 international airport terminals;
42

43 (d) To sue and be sued in its corporate name;
44

45 (e) To adopt and use a corporate seal;

1
2 (f) To succeed by its corporate name;
3

4 (g) To adopt its by-laws, and to amend or repeal the same from time to time;
5

6 (h) To execute or enter into contracts of any kind or nature;
7

8 (i) To acquire, purchase, own, administer, lease, mortgage, sell or otherwise dispose
9 of any land, building, airport facility, or property of whatever kind and nature,
10 whether movable or immovable, or any interest therein;
11

12 (j) To exercise the power of eminent domain in the pursuit of its purposes and
13 objectives;
14

15 (k) To levy, and collect dues, charges, fees or assessments for the use of the airport
16 premises, works, appliances, facilities or concessions or for any service provided by
17 the Authority, subject to the approval of the Secretary of Transportation in
18 consultation with the Secretary of Finance;
19

20 (l) To prescribe and impose reasonable fines and penalties, which shall not exceed
21 five hundred thousand pesos (PHP 500,000.00) for the following acts:
22

23 (1) Destroying or seriously damaging the facilities of an airport

24 (2) Disrupting the services of an airport;

25 (3) Exhibiting within the Philippines any light or signal in such manner or
26 place that it is likely to be mistaken for a true light or signal in connection
27 with an airport or other navigational facility; and

28 (4) Knowingly removing, extinguishing, or interfering with the operation of
29 any true light or signal
30

31 (m) To invest its idle funds, as it may deem proper, in government securities and
32 other evidences of indebtedness of the government;
33

34 (n) To provide services, whether on its own or otherwise, within the airports and the
35 approaches thereof, which shall include but not be limited to, the following:
36

37 (1) Aircraft movement and allocation of parking areas of aircraft on the
38 ground;

39 (2) Loading or unloading of aircraft;

40 (3) Passenger handling and other services directed towards the care,
41 convenience and security of passengers, visitors and other airport users; and

42 (4) Sorting, weighing, measuring, warehousing or handling of baggage and
43 goods.
44

(o) To prescribe and revise, from time to time as necessary, minimum safety standards for the operation of airport facilities in the Philippines;

(p) To perform such other acts and transact such other business, directly or indirectly as may be necessary, incidental or conducive to the attainment of the purposes and objectives of the Authority, including the adoption of necessary measures to remedy congestion in the airports; and

(q) To exercise all the powers of a corporation under the Corporation Code, insofar as these powers are not inconsistent with the provisions of this Act.

Section 6. Police Authority. – The Authority shall have the power to exercise such police authority, as may be necessary within airports managed by it, to carry out its functions and attain its purposes and objectives. The grant of such powers shall be without prejudice to the exercise of functions within the same premises by other concerned government agencies as provided for by law: *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) Regulating the entry to, exit from and movement within the airports;

(c) Maintenance of peace and order, within the premises of the airports in coordination with local police authorities and other authorized peace-keeping entities within the airports;

(d) Regulation and supervision of private security agencies operating within the airports; and,

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

Section 7. General Manager – The Authority shall be headed by a General Manager as Chief Executive Officer of the Authority. The General Manager 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 Authority, and its integral units including its buildings, runways, facilities and equipment, so as to provide international standards of service to airport users, and to ensure its financial stability in accordance with the programs, plans, policies, procedures and guidelines of the Board;

1 (b) To provide general supervision and overall coordination of all government
2 agencies operating in the airports with respect to the allocation and use of building
3 space and airport premises;

4
5 (c) To undertake researches, studies, investigations, and other activities related to the
6 present operations and future development requirements of the airports, on his own
7 initiative or upon instructions of the Board, and to submit comprehensive reports,
8 and appropriate recommendations to the Board for its information and action;

9
10 (d) To appoint, transfer, suspend, remove or otherwise discipline any subordinate
11 officer or employee of the Authority, subject to the approval of the Board and to
12 engage, either on contractual basis or other suitable arrangements, the services of
13 highly qualified professionals, experts, technical advisers or consulting firms and to
14 determine their compensation or fees including other terms and conditions of
15 employment as may be authorized by the Board;

16
17 (e) To enter into a memorandum of agreement/understanding, contracts or such
18 other arrangements as may be feasible with such government agencies or private
19 entities operating or providing services to the Authority to ensure proper
20 coordination and integration of all activities in the Authority, subject to the approval
21 of the Board or such laws, rules and regulations as are applicable in the exercise of
22 such authority;

23
24 (f) To establish and maintain a system, in coordination with the appropriate
25 government offices and agencies, for the regular and prompt dissemination of
26 financial, statistical and other relevant data within the Authority and to the Board;

27
28 (g) Within the limits of the authority delegated to him by the Board, to execute
29 contracts, incur obligations, acquire and dispose of assets, and deliver documents, on
30 behalf of the Authority;

31
32 (h) To implement and enforce decisions, orders, rules and regulations issued,
33 prescribed or adopted by the Board; and,

34
35 (I) To perform such other duties as the Board may delegate or assign, and such acts as
36 may be necessary and proper to implement this Act.

37
38 **Section 8. Board of Directors.** – The corporate powers of the Authority shall be exercised by
39 and vested in a Board of Directors. It shall be composed of nine (9) members, as follows:

- 40
41 (1) Secretary of the Department of Transportation or his duly designated
42 representative as Chairman;
43 (2) General Manager of the Authority as Vice-Chairman;
44 (3) Representative from the Department of Finance;
45 (4) Representative from the Department of Tourism;

- 1 (5) Representative from the CAAP; and,
2 (6) Four (4) private sector representatives
3

4 The private sector representatives shall be appointed by the President of the Philippines for
5 a term of three (3) years. No private sector representative shall serve more than two
6 consecutive terms.
7

8 The Board shall meet at least once a month and as often as the exigencies of the service
9 demand. The presence of at least five (5) members shall constitute a quorum, and the vote of
10 a majority of the members present, there being a quorum, shall be necessary for the adoption
11 of any rule, regulation, resolution, decision or any other act of the Board.
12

13 The members of the Board shall receive reasonable *per diems* for every meeting actually
14 attended. *Provided*, that such *per diem* shall conform with existing guidelines of the
15 Commission on Audit. Members of the Board shall be reimbursed by the Authority for
16 actual expenses, including traveling and subsistence expenses, incurred by them in the
17 performance of their duties.
18

19 **Section 9. Functions, Powers and Duties of the Board.** – The Board shall have the following
20 functions, powers and duties:
21

22 (a) To define and approve the programs, plans, policies, procedures and guidelines of
23 the Authority for the development and operation of the airports within the context of
24 the overall Government objectives, and to control the management, operation and
25 administration of the Authority;
26

27 (b) To approve the Authority's organizational and administrative structure, staffing
28 pattern, operating and capital expenditures, and financial budgets, prepared in
29 accordance with the corporate plan of the Authority, upon recommendation of the
30 General Manager.
31

32 (c) To appoint a General Manager of the Authority who shall be the Chief Executive
33 Officer of the Authority; and
34

35 (d) To perform all functions, exercise all other powers, and fulfill all duties provided
36 for under the Corporation Code, insofar as they are not inconsistent with the
37 provisions of this Act.
38

39 **Section 10. Development of New Airports.** – The Board shall be responsible for the planning,
40 development, construction, operation, maintenance or the expansion of airports. In planning
41 and developing new airports, the Board shall consider:
42

43 (a) The suitability of a proposed site in terms of terrain and proximity to population
44 centers;
45

- 1 (b) The projected size of the market to be served by a proposed airport;
2
3 (c) The ability of a proposed airport to generate sufficient revenue to cover costs of
4 operation and maintenance;
5
6 (d) The availability of funding from both local and foreign sources for the
7 construction of a new airport or expansion of an existing one;
8
9 (e) The proximity of other airports to a proposed new airport and the capability of
10 such other airport to handle traffic projected to be handled by the new proposed
11 airport;
12
13 (f) The government's public service obligations such as the government's duty to
14 ensure the availability of air transport infrastructure for remote areas far from major
15 population centers and that are not otherwise easily accessible by transportation by
16 land or sea;
17
18 (g) International Civil Aviation Organization best practices and recommendations
19 concerning the development of airports; and
20
21 (h) Such other considerations as the Board, in the exercise of its reasonable discretion,
22 may consider relevant or important.
23

24 **Section 11. Airport Operation Certification.** – Any person desiring to operate a private airport
25 or air navigation facilities may file with the Authority an application for an operating
26 certificate. If the Authority finds, after investigation and public hearing, that such person is
27 properly and adequately equipped and able to conduct a safe operation in accordance with
28 the requirements of this Act and the rules and regulations, and standards prescribed therein,
29 the Authority shall issue an airport operating certificate to such person. Each airport
30 operating certificate shall prescribe such terms, conditions and limitations as are reasonably
31 necessary to assure safety in air transport. Unless the Authority determines that it would be
32 contrary to public interest, such terms, conditions and limitations, shall include, but not
33 limited to, terms and conditions relating to:

- 34
35 (a) The operation and maintenance of adequate safety equipment, including
36 firefighting and rescue equipment capable of rapid access to any portion of the
37 airport used for landing, take off, or surface maneuvering of aircraft; and
38
39 (b) The condition and maintenance of primary and secondary runways.
40

41 For this purpose, the Authority shall inspect, classify and rate any air navigation facilities
42 and airports available for the aircraft as to its suitability for such use.
43

44 **Section 12. Capital.** – The Authority shall have a capital equal to and consisting of:
45

1 (a) The value of fixed assets (including airport facilities, runways and equipment)
2 and such other properties, movable and immovable, which may be contributed by
3 the National Government or transferred by it from any of its agencies, the valuation
4 of which shall be determined jointly with the Department of Budget and
5 Management and the Commission on Audit on the date of such contribution or
6 transfer after making due allowances for depreciation and other deductions taking
7 into account the loans and other liabilities of the Authority at the time of the takeover
8 of the assets and other properties;
9

10 (b) The unexpended balances of appropriations in the current General
11 Appropriations Act, and other laws in force upon approval hereof, pertaining to,
12 held or used by, or available to the entities abolished and/or whose powers, duties
13 and responsibilities have been transferred to the Authority under this Act, including
14 concerned government agencies; and
15

16 (c) Any surplus income that may be derived from or shall accrue to the Authority
17 upon its organization and its assumption of the assets and liabilities of the entities
18 abolished and/or whose powers, duties and responsibilities have been transferred to
19 the Authority under this Act, including concerned government agencies; and,
20

21 (d) Such amount as may be appropriated from time to time from the funds of the
22 National Treasury not otherwise appropriated including any outlay from the
23 infrastructure program of the National Government and as may be provided in the
24 annual General Appropriations Act.
25

26 **Section 13.** *Contribution to the General Fund for the Maintenance and Operation of Airports.* –
27 Within thirty (30) days after the end of each fiscal quarter, fifteen percent (15%) of the gross
28 operating income, excluding payments for utilities of tenants and concessionaires and
29 terminal fee, collections, shall be remitted to the General Fund in, the National Treasury to
30 be used for the maintenance and operation of international and domestic airports in the
31 country. Adjustments in the amount paid by the Authority to the National Treasury under
32 this Section shall be made at the end of each year based on the audited financial statements
33 of the Authority.
34

35 **Section 14.** *Auditor.* – The Chairman of the Commission on Audit shall be the *ex-officio*
36 Auditor of the Authority. For this purpose, he may appoint a representative who shall be the
37 auditor of the Authority, together with the necessary personnel to assist said representative
38 in the performance of his duties. The salary of the auditor and the number and salaries of
39 said personnel shall be determined by the Chairman of the Commission on Audit subject to
40 the rules and regulations of the Commission on Audit. Said salaries and all other expenses of
41 maintaining the Auditor's Office shall be paid by the Authority.
42

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

1
2 **Section 15. *Legal Counsel.*** – The Government Corporate Counsel shall be the Legal Counsel
3 of the Authority: *Provided*, That the Authority may establish its own legal department to
4 handle the day-to-day legal matters affecting the affairs of the Authority.
5

6 **Section 16. *Annual Report.*** – The Board shall submit to the President of the Philippines
7 through the Department of Transportation, together with the audit report on the relevant
8 accounts, an annual report generally dealing with the activities and operations of the
9 Authority. The Board shall also make available such report to the public.
10

11 **Section 17. *Applicability of Civil Service Laws.*** – The Authority and its officials and employees
12 shall be subject to the Civil Service Law and its rules and regulations.
13

14 **Section 18. *Borrowing Power.*** – The Authority may, after consultation with the Secretary of
15 Finance and with the approval of the President of the Philippines, as recommended by the
16 Secretary of Transportation, raise funds, either from local or international sources, by way of
17 loans, credits or securities, and other borrowing instruments, with the power to create
18 pledges, mortgages and other voluntary liens or encumbrances on any of its assets or
19 properties.
20

21 All loans contracted by the Authority under this Section, together with all interests and other
22 sums payable in respect thereof, shall constitute a charge upon all the revenues and assets of
23 the Authority and shall rank equally with one another, but shall have priority over any other
24 claim or charge on the revenue and assets of the Authority: *Provided*, That this provision
25 shall not be construed as a prohibition or restriction on the power of the Authority to create
26 pledges, mortgages and other voluntary liens or encumbrances on any asset or property of
27 the Authority.
28

29 Except as expressly authorized by the President of the Philippines, the total outstanding
30 indebtedness of the Authority in the principal amount, in local and foreign currency, shall
31 not, at any given time, exceed the net worth of the Authority.
32

33 The President or his duly authorized representative, after consultation with the Secretary of
34 Finance, may guarantee, in the name and on behalf of the Republic of the Philippines, the
35 payment of the loans or other indebtedness of the Authority up to the amount herein
36 authorized.
37

38 **Section 19. *Increase or Decrease of Rates.*** – The Authority may increase or decrease the rates of
39 the dues, charges, fees or assessments collectible by the Authority to protect the interest of
40 the Government and provide a, satisfactory return on the Authority's assets based on the
41 principle of cost recovery at an aggregate level. The Authority may adjust the schedule of
42 such rates so as to reflect the cost of facilities or services provided, or rendered. The
43 Authority may periodically review all dues, charges, fees or assessments collectible by the
44 Authority, and shall make such adjustments to the schedule of rates as shall adequately
45 reflect any increase in price levels and (in the case of concession rentals) of volume of traffic

1 through the airports, subject to the provisions of Batas Pambansa Blg. 325, whenever
2 practicable.

3
4 **Section 20. Remedies for Non-Payment.** – If the owner or agent of any aircraft refuses or
5 neglects to pay on demand any rate or charges made in pursuance of Section 19 hereof, the
6 Authority may, after complying with the required legal formalities provided by law, shall
7 have the power to impose lien on such aircraft equipment or furniture belonging to the
8 owner or agent of said aircraft, until the amounts due have been paid.

9
10 **Section 21. Fines and Penalties.** – The Authority shall have the power to exact reasonable
11 administrative fines in such specific amounts and for such specific violations arising out of
12 the use of the airports, as shall be prescribed in rules and regulations which the Authority is
13 hereby authorized to issue for the purpose, which amount of fine shall not be less than one
14 thousand (P1,000.00) nor shall be more than twenty thousand pesos (P20,000.00).

15
16 **Section 22. Competitive Tender.** – The General Manager shall, as far as practicable, grant
17 permits or concessions to trade or to engage in business within the areas controlled by the
18 Authority to the highest bidder after a competitive public bidding: *Provided*, That the
19 bidding requirements may be waived in the case of banks, branches of post office, National
20 Telecommunications Commission, other government agencies in airline operations or where
21 the fees, rates or assessments to be charged have been fixed by the Board.

22
23 The General Manager shall require such permittees or concessionaires to provide goods or
24 services acceptable under international standards and at such prices similar to goods or
25 services in Metropolitan Manila or airports in other countries: *Provided*, That such final
26 awards of permits or concessions to successful bidders shall be subject to the approval of the
27 Board.

28
29 **Section 23. Tax Exemptions.** – The Authority shall be exempt from realty taxes imposed by
30 the National Government or any of its political subdivisions, agencies and instrumentalities:
31 *Provided*, That no tax exemption herein granted shall extend to any subsidiary which may be
32 organized by the Authority.

33
34 **Section 24. Transfer of Power and Assets.** – All powers, duties and rights vested by law and
35 exercised by the CAAP relating to the control, supervision, construction, maintenance,
36 operation, provision of services and facilities and the efficient functioning of all domestic
37 and international airports in the country pursuant to Republic Act No. 9497, are hereby
38 transferred to the Authority. All assets, real and personal properties, contracts, records and
39 documents, funds and revenues owned by or vested in the different offices of CAAP in
40 relation to the powers, duties and rights herein transferred shall also be transferred to the
41 Authority.

42
43 **Section 25. Projects in Progress.** – All ongoing projects relating to the construction of airport
44 facilities shall be continued by the agency or agencies involved until completion. Thereafter,
45 such projects shall be transferred to the Authority, in accordance with agreement among

1 agencies concerned. Any disagreement, relating to such transfer, shall be submitted to the
2 President of the Philippines for final decision.

3
4 **Section 27. *Transfer of Liabilities and Debts.*** – Upon the transfer to and acceptance by the
5 Authority of the existing physical facilities, intangible assets and completed projects referred
6 to in the preceding sections, all debts, liabilities, and obligations of the of the entities
7 concerned and other government agencies in respect of such physical facilities, tangible
8 assets and completed projects within the airports, shall likewise be assumed by the
9 Authority.

10
11 **Section 28. *Appropriations.*** – To provide for any extraordinary expenses of the Authority
12 upon its organization, the unavailed portion of the excess of actual operating income over
13 the estimated expenses of the entities abolished and/or whose powers, duties and
14 responsibilities have been transferred to the Authority under this Act, if any, at the time of
15 the passage of this Act is hereby appropriated for purposes that the Board may approve.
16 This shall be considered as part of the capital under Section 12 hereof.

17
18 **Section 29. *Repealing Clause.*** –All laws, decrees, ordinances, rules or regulations or parts
19 thereof inconsistent or in conflict with the provisions of this Act are hereby expressly
20 repealed, amended, or modified accordingly.

21
22 **Section 30. *Separability Clause.*** – If for any reason any section or provision of this Act is
23 declared to be unconstitutional or invalid, the other sections or provisions hereof which are
24 not affected thereby shall continue to be in full force and effect.

25
26 **Section 31. *Effectivity Clause.*** – This Act shall take effect within fifteen (15) after its complete
27 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

28
29 Approved.