



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7407



Introduced by
**REPRESENTATIVES PANTALEON D. ALVAREZ, RODOLFO C. FARINAS,
DANILO E. SUAREZ, AND CESAR V. SARMIENTO**

AN ACT
STRENGTHENING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES
("CAAP"), ABOLISHING THE CIVIL AERONAUTICS BOARD ("CAB") AND
TRANSFERRING ITS FUNCTIONS TO THE CAAP, AND FOR OTHER
PURPOSES.

EXPLANATORY NOTE

There are two government agencies that regulate aviation in the Philippines. By virtue of Republic Act No. 9497, the Civil Aviation Authority of the Philippines ("CAAP") has jurisdiction over the restructuring of the civil aviation system, the promotion, development and regulation of the technical, operational, safety, and aviation security functions of civil aviation.

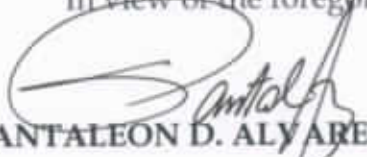
On the other hand, the Civil Aeronautics Board ("CAB") has the power to regulate the economic aspect of air transportation, and shall have the general supervision and regulation of, the jurisdiction and control over air carriers, general sales agents, cargo sales agents, and air freight forwarders as well as their property, property rights, equipment, facilities and franchise, under Republic Act No. 776, as amended by Presidential Decree 1462.

At present, each airport in the country acts independently of other airports and is operated and/or managed by a specific entity. There is no overall regulatory power that sets uniform standards for all airports to follow. Moreover, given that airport entities regulate themselves, there is a high risk of conflict of interest that arises. After all, the merge of regulator and operator is rife with risks. It is not a sound policy.

To address this situation, this bill seeks the following: (a) to strengthen the CAAP by expanding its current powers by regulating all airports with legislative franchise; and (b) to abolish the CAB and transfer its current functions to the CAAP. Thus, the CAAP will be the central regulatory agency for both the economic and technical aspect of the aviation system.

Further, a legislative franchise shall be required from entities that operate airports. The reason behind requiring is to include more scrutiny and more transparency into the credentials and capability of those who wish to operate airports. At the end of the day, after the legislative queries have concluded, only operators who are truly capable of complying with the highest standards that must be expected from airports will be allowed to operate.

In view of the foregoing, the approval of this Bill is earnestly sought.



PANTALEON D. ALVAREZ



DANILO E. SUAREZ



RODOLFO C. FARIÑAS



CESAR V. SARMIENTO



Republic of the Philippines
House of Representatives
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PURPOSES.

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

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CHAPTER I
GENERAL PROVISIONS

SECTION 1. THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES - THERE IS HEREBY CREATED A CORPORATE BODY NAMED "CIVIL AVIATION AUTHORITY OF THE PHILIPPINES," HEREINAFTER REFERRED TO AS THE "CAAP," WHICH SHALL EXERCISE THE STRENGTHENED FUNCTIONS AND POWERS PREVIOUSLY BELONGING TO THE CIVIL AERONAUTICS BOARD ("CAB").

SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to provide safe and efficient air transport and regulatory services in the Philippines by providing for the creation of a civil aviation authority with jurisdiction over the restructuring of the civil aviation system, the promotion, development and regulation of the technical, operational, safety, and aviation security functions under the civil aviation authority.

SEC. 3. Definition of Terms. - For purposes of this Act, the terms:



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SEC. 3. Definition of Terms. - For purposes of this Act, the terms:

(a) "Aerial work" refers to an aircraft operation in which an aircraft is used for specialized services such as agriculture, construction, photography, surveying, observation and patrol, search and rescue, aerial advertisement, etc.

(b) "Aerodrome" refers to an airport, a defined area on land or water (including any building, installation and equipment) intended to be used either wholly or in part for the arrival, departure and surface movement of aircraft.

(c) "Aeronautics or aviation" refers to the science and art of flight.

(d) "Aeronautical telecommunication" refers to and includes any telegraph or telephone communication signs, signals, writings, images and sounds of any nature, by wire, radio or other systems or processes of signaling, used in the aeronautical service.

(e) "Aeronautical telecommunication station" refers to any station operated to provide telecommunications for aeronautical purposes.

(f) "Air carrier or operator" refers to a person who undertakes, whether directly or indirectly, or by a lease or any other arrangements, to engage in air transportation services or air commerce. The term may likewise refer to either a "Philippine air carrier" or a "foreign air carrier" as indicated by the context.

(g) "Air commerce or commercial air transport operation" refers to and includes scheduled or non-scheduled air transport services for pay or hire, the navigation of aircraft in furtherance of a business, the navigation of aircraft from one place to another for operation in the conduct of a business, or an aircraft operation involving the transport of passengers, cargo or mail for remuneration or hire.

(h) "Aircraft" refers to any machine that can derive support in the atmosphere from the reactions of the air other than the reactions of the air against the earth's surface. The term "aircraft", when used in this Act or in regulations issued under this Act, shall refer to civil aircraft only, and will not include State or public aircraft.

(i) "Aircraft accident" refers to an occurrence associated with the operation of an aircraft which takes place between the time any person boards the aircraft with the intention of flight until such time as all such persons have disembarked, in which:

(1) Any person suffers death or serious injury as a result of being in or upon the aircraft or by direct contact with the aircraft of anything attached thereto; or

(2) The aircraft receives substantial damage

(j) "Aircraft radio station" refers to a radio station on board any aircraft.

(k) "Aircraft engine" refers to any engine use, or intended to be used, for propulsion of aircraft and includes all parts, appurtenances, and accessories thereof other than propellers.

(l) "Aircraft incident" refers to the occurrence, other than an accident, which is associated with the operation of an aircraft when the safety of the aircraft has been endangered, or is a situation which could endanger an aircraft and if it occurred again in other circumstances.

(m) "Aircraft piracy" refers to any actual or attempted seizure or exercise of control, by force or violence, or by any other form of intimidation, with wrongful intent, of an aircraft within the jurisdiction of the Philippines.

(n) "Airman" refers to any individual who engages, as the person in command or as pilot, mechanic, aeronautical engineer, flight radio operator or member of the crew, in the navigation of aircraft while under way and any individual who is directly in charge of inspection, maintenance, overhauling, or repair of aircraft, aircraft engine, propellers, or appliances and individual who serves in the capacity of aircraft dispatcher or air traffic control operator.

(o) "Airman license" refers to a written authorization or permission issued to any person for the exercise of the privileges of flying, maintaining, controlling, directing, dispatching, instructing or any other civil aviation activity which is regulated and supervised by the CAAP.

(p) "Air navigation" refers to the practice of controlling, guiding, and operating aircraft from the airport of departure to predetermined airport of destination, including alternate airports. To ensure safety, regularity, and efficiency of civil aviation operations, standardization and common understanding among all parties involved are essential in all matters affecting the operation of aircraft and the numerous facilities and services required in their support, such as airports, telecommunications, navigation aids, meteorology, air traffic services, search and rescue, FLIGHT INFORMATION SERVICES, ALERTING AND aeronautical information services and aeronautical charts, in accordance with the procedures, rules and regulations contained in the appropriate Annexes to the Chicago Convention.

(q) "Air navigation facility" refers to any facility used in, available for use in, or designed for use in aid of air navigation, including airports, landing areas, lights, any apparatus or equipment for disseminating weather information, for signaling, for radio directional finding, or for radio or other electromagnetic communication, and any other structure or mechanism having a similar purpose for guiding or controlling flight in the air or the landing and take-off of aircraft.

(r) "Air navigation services" refers to and includes information, directions and other facilities furnished, issued or provided in connection with the navigation or movement of aircraft, and the control of movement of vehicles in any part of an airport used for the movement of aircraft.

(s) "Air operator" refers to any organization which undertakes to engage in domestic commercial air transport or international commercial air transport, whether directly or indirectly, or by a lease or any other arrangement.

(t) "Air Operator Certificate (AOC)" refers to a certificate authorizing an operator to carry out specified commercial air transport operations.

(u) "Air route" refers to the navigable airspace between two points and the terrain beneath such airspace identified, to the extent necessary, for application of flight rules.

(v) "Air route and airway facilities" refers to facilities provided to permit safe navigation of aircraft within the airspace of air routes and airways, including:

- (1) Visual and non-visual aids along the air routes and airways
- (2) Visual and non-visual aids to approach and landing at airports;
- (3) Communication services;
- (4) Meteorological observations;
- (5) Air traffic control services and facilities and
- (6) Flight services and facilities.

(w) "Airport" refers to any area of land or water designed, equipped, set apart or commonly used for affording facilities for the landing and departure of aircraft and includes any area or space, whether on the ground, on the roof of a building or elsewhere, which is designed, equipped or set apart for affording facilities for the landing and departure of aircraft capable of descending or climbing vertically.

(x) "Air transport" refers to the transportation of persons, property, mail or cargo by aircraft.

(y) "Air transport service" refers to the act of transporting persons, property, mail cargo, in whole or in part, by aircraft to points within or outside of the Philippines.

(z) "Airworthiness" means that an aircraft, its engines, propellers, and other components and accessories, are of proper design and construction, and are safe for air navigation purposes, such design and construction being consistent with accepted engineering practice and in accordance with aerodynamic laws and aircraft science.

(aa) "Annexes to the Chicago Convention" refers to the documents issued by the International Civil Aviation Organization (ICAO) containing the standards and recommended practices applicable to civil aviation.

(bb) "Appliances" refers to instruments, equipment, apparatus, parts, appurtenances, or accessories, of whatever description, which are used, or are capable of being or intended to be used, in the navigation, operation, or control of aircraft in flight (including parachutes and including communication equipment and any other mechanism or mechanisms installed in or attached to aircraft during flight), and which are not part or parts of aircraft, aircraft engines, or propellers.

(cc) "Aviation certificate" means any airworthiness certificate, airman certificate, air operator certificate, certificate authorizing the operation of an aviation school or approved maintenance organization or other document issued by virtue of the

provisions of this Act in respect of any person, aircraft, airport or aviation-related service.

(dd) "Board of Directors" means the board of the civil aviation authority created under this Act.

(cc) "CAAP" refers to the Civil Aviation Authority of the Philippines created pursuant to the provisions of this Act and shall, as indicated by the context, include the Board of Directors and/or Director General created pursuant thereto.

(ff) "Chicago Convention" refers to the international basis for civil aviation agreements.

(gg) "Citizen of the Philippines" refers to one of the following:

(i) An individual who is a citizen of the Philippines;

(ii) A partnership of which each member is a citizen of the Philippines; or

(iii) A corporation or association created or organized and authorized under the laws of the Philippines.

(hh) "Civil aircraft" refers to any aircraft other than a State or public aircraft.

(ii) "Civil aviation" refers to the operation of any civil aircraft for the purpose of general aviation operations, aerial work or commercial air transport operations.

(jj) "Crew member" refers to a person assigned to perform duties on an aircraft in flight.

(kk) "Dangerous goods" refers to articles or substances that are capable of posing significant risks to health or safety of property when transported by air.

(ll) "Director General" refers to the Director General appointed under this Act.

(mm) "Domestic air commerce" means and includes air commerce within the limits of the Philippine territory.

(nn) "Domestic air transport" means air transportation within the limits of the Philippine territory.

(oo) "Foreign air carrier or foreign air operator" means any operator, not being a Philippine air operator, which undertakes, whether directly or indirectly or by lease or any other arrangement, to engage in commercial air transport operations within borders or airspace of the Philippines, whether on a scheduled or chartered basis.

(pp) "Foreign air transport" refers to air transportation between the Philippines and any place outside it or wholly outside the Philippines.

(qq) "General aviation operation" refers to an aircraft operation of a civil aircraft for other than a commercial air transport operation or aerial work operation.

(rr) "ICAO" where used in this Act, refers to the abbreviation for the International Civil Aviation Organization.

(ss) "International commercial air transport" refers to the carriage by aircraft of persons or property for remuneration or hire or the carriage of mail between any two (2) or more countries.

(tt) "Navigable airspace" refers to the airspace above the minimum altitudes of flight prescribed by regulations under this Act and includes airspace needed to insure safety in the take-off and landing of aircraft.

(uu) "Navigation of aircraft" refers to a function that includes the piloting of aircraft.

(vv) "Person" refers to any individual, firm, partnership, corporation, company, association, joint-stock association, or body politic, and includes any trustee, receiver, assignee, or other similar representative of these entities.

(ww) "Philippine air carrier" means an air carrier who is a citizen of the Philippines.

(xx) "Philippine aircraft" means an aircraft registered in the Philippines in accordance with the requirements of this Act.

(yy) "Propeller" refers to an inclusive term for all parts, appurtenances, and accessories of a propeller.

(zz) "Public aircraft" refers to an aircraft used exclusively in the service of any government or of any political jurisdiction thereof, including the Government of the Philippines, but not including any government-owned aircraft engaged in operations which meet the definition of commercial air transport operations.

(aaa) "Rules of the air" means those provisions for securing the safety of aircraft in flight and in movement on the surface and the safety of persons and property on the surface. These provisions include:

- (1) Lights and signals to be shown by aircraft;
- (2) General, visual and instrument flight rules;
- (3) Airport traffic rules; and
- (4) Airport signals and markings

(bbb) "Spare parts" refers to any parts, appurtenances, and accessories of aircraft (other than aircraft engines and propellers), aircraft engines (other than propellers), propellers, and appliances, maintained for installation or use in an aircraft, aircraft engine, propeller, or appliance, but which at the time are not installed therein or attached thereto.

(ccc) "Special aircraft jurisdiction of the Philippines." This includes:

(i) Civil aircraft of the Philippines; and

(ii) Any other aircraft within the jurisdiction of the Philippines, while the aircraft is in flight, which is from the moment when all external doors are closed following embarkation until the moment when one such door is opened for disembarkation or, in case of a forced landing, until the competent authorities take over the responsibility of the aircraft and the persons and property aboard.

(ddd) "Validation" refers aboard to the written acceptance of an action of the civil aviation authority of another country in lieu of an action that this Act assigns to the Director General.

(eee) "Landing fees" refers to all charges for the use of any landing strip or runway by any aircraft landing or taking off at an aerodrome.

(fff) "Terminal fees" refers to charges for parking at or near the ramp, terminal area, or building, for purposes of loading or unloading passengers and/or cargo.

(ggg) "Royalties" refers to all charges based on gross business or sales, or gross or net profit.

(hhh) "Supplies" includes any and all items of whatever nature or description which may be necessary for, or incidental to, the operation of an aircraft.

"(iii) PHILIPPINE FLIGHT INFORMATION REGION" MEANS THE AIR SPACE WITHIN WHICH AIR NAVIGATION, FLIGHT INFORMATION AND ALERTING SERVICES ARE PROVIDED BY THE GOVERNMENT IN ACCORDANCE WITH THE INTERNATIONAL CIVIL AVIATION ORGANISATION REGIONAL AIR NAVIGATION PLAN."

"(jjj) "PHILIPPINE SEARCH AND RESCUE REGION" MEANS THE PHILIPPINE FLIGHT INFORMATION REGION AND ANY AREA WITHIN WHICH SEARCH AND RESCUE SERVICES ARE PROVIDED BY THE GOVERNMENT TO AIRCRAFT IN DISTRESS."

CHAPTER II ORGANIZATION OF CAAP

"SEC. 4. Creation of the CAAP. - There is hereby created an independent regulatory body with quasi-judicial and quasi-legislative powers and possessing corporate attributes to be known as the "Civil Aviation of the Philippines", hereinafter referred to as the "CAAP" attached to the Department of Transportation (DOTr) for purpose of policy coordination and regulation of all airports, private or public, within the Philippines. For this purpose, the powers and functions of CIVIL AERONAUTICS BOARD, created under the provisions of Republic Act No. 776, as amended, shall be transferred to the CAAP.

(a) Establishment of the CAAP Headed by a Director General - The CAAP shall be headed by a Director General of Civil Aviation, referred to in this Act as the "Director General," who shall be responsible for all civil aviation in the Philippines and the administration of this Act. NOTWITHSTANDING THE PROVISIONS OF REPUBLIC ACT 10149, OTHERWISE KNOWN AS THE GOCC GOVERNANCE ACT OF 2011, the Director General shall be appointed BY THE PRESIDENT OF THE PHILIPPINES based on the qualifications herein provided and shall have a tenure of office for a period of four (4) years. His appointment may be extended for another non-extendible term of 4 years and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission.

(b) Responsibility of the Director General - The Director General shall be responsible for the exercise of all powers and the discharge of all duties of the CAAP and shall have control over all personnel and activities of the CAAP.

"SEC. 5. Composition of the Board Members. - The corporate powers of the CAAP shall be vested in a board, which is composed of ELEVEN (11) members:

- (a) The Secretary of the Department of Transportation shall act as chairman ex officio;
- (b) The Director General of Civil Aviation (DGCA) shall automatically be the vice chairman of the Board;
- (c) Representatives from the Departments of Finance, Foreign Affair, Information and Communication Technology Interior and Local Government, Labor and Employment, NATIONAL DEFENSE, and TOURISM; AND
- (j) TWO (2) REPRESENTATIVES FROM THE PRIVATE SECTOR TO BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FOR A TERM OF FOUR (4) YEARS RENEWABLE FOR ANOTHER TERM; PROVIDED, THAT NO PERSON SHALL BE APPOINTED AS A MEMBER OF THE BOARD UNLESS HE IS A FILIPINO CITIZEN, OF GOOD MORAL CHARACTER, OF UNQUESTIONABLE INTEGRITY, AND RECOGNIZED COMPETENCE IN THE FIELD OF AVIATION, AERONAUTICAL ENGINEERING, ECONOMICS, LAW AND INTERNATIONAL RELATIONS, AND MANAGEMENT, OR RELATED FIELDS.

The Directors listed under subsection (a) to (i) shall be ex officio members of the Board of Directors: Provided, that, in the absence of the Director appointed in subsections (c) to (i), the Director concerned shall designate the officer next in rank to him in his department or office to act on his behalf as a Director."

SEC. 6. Prohibited Interests. - All members of the Board or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be prohibited from holding any interest whatsoever, either as investor, stockholder, officer or director, in any company or entity engaged in air commerce, whether scheduled or unscheduled, passenger or cargo, domestic or international, or in any business providing support services to persons engaged in air commerce (i.e. general sales agencies, travel agencies, cargo forwarders, ground handling, catering, fuel servicing, aircraft maintenance, etc.) and must therefore divest, through sale or legal disposition, of any and all interests in such undertakings upon the member's assumption of office. Any violation of this section shall subject the member concerned

to removal from the CAAP for cause as well as administrative, civil or criminal prosecution under applicable laws.

SEC. 7. Limitation of Subsequent Employment. - No member of the Board or any employee of the CAAP shall accept employment or enter into a contract of service with an entity regulated by the CAAP until the expiry of one (1) year from the termination of his appointment, whether by resignation or revocation or otherwise.

"SEC. 8. Quorum. - The presence of at least SIX (6) members of the Board shall constitute a quorum and the majority vote of FOUR (4) members in a meeting where a quorum is present shall be necessary for the adoption of any rule, ruling, order, resolution, decision or other act of the Board in the exercise of its functions."

SEC. 9. Qualifications of Director General. - No person shall be appointed or designated as the Director General unless he is a Filipino citizen, at least thirty-five (35) years of age, of good moral character, unquestionable integrity, recognized competence and a degree holder with at least five (5) years supervisory or management experience in the field of aviation.

SEC. 10. Board Meetings. - The Board shall meet regularly once a month and may hold special meetings to consider urgent matters upon call of the Chairman or upon the initiative of four (4) members. Internal rules of procedure in the conduct of Board meetings shall be as prescribed by the Board.

SEC. 11. Per Diems. - The members of the Board shall receive a per diem for each meeting actually attended. The per diems of the members of the Board shall be determined pursuant to a resolution adopted by the Board subject to compliance of the guidelines duly existing and applicable by the Commission on Audit.

"SEC. 12. Personnel. - THE DIRECTOR GENERAL SHALL EXERCISE APPOINTING AND DISCIPLINING POWER OVER ALL PERSONNEL OF THE CAAP.

IN THE EXERCISE OF HIS APPOINTING POWER, THE DIRECTOR GENERAL SHALL GIVE PREFERENCE TO qualified existing personnel of THE CIVIL AERONAUTICS BOARD (CAB), subject to existing civil service rules and regulations AND IN ACCORDANCE WITH SECTION 33 OF THIS ACT.

CONSIDERING THE HIGHLY TECHNICAL CHARACTER AND NATURE OF THE FUNCTIONS OF THE CAAP, ITS PERSONNEL SHALL BE EXEMPTED FROM THE REQUIREMENTS PRESCRIBED UNDER THE CAREER EXECUTIVE SERVICE BOARD."

"SEC. 13. Capitalization. - The CAAP shall have an authorized capital stock of Fifty billion pesos (Php50,000,000,000.00), which shall be fully subscribed by the Republic of the Philippines. The subscription of the National Government shall be paid as follows:

(a) The unexpended balances of appropriations in the current General Appropriations Act and other acts in force upon approval hereof, pertaining to, held or used by, the CAAP and CAB.

(b) The value of existing assets of the CAAP AND CAB, which shall be determined by an independent and qualified appraiser or appraisers within six (6) months from the effectivity of this Act, and after deducting the loans and other liabilities of the CAAP and CAB at the time of the takeover of the assets and properties; and

(c) Such amounts as may be appropriated from time to time from the funds of the National Treasury, including any outlay from the infrastructure program of the National Government.”

SEC. 14. Fiscal Autonomy. - The CAAP shall enjoy fiscal autonomy. NOTWITHSTANDING ANY LAW TO THE CONTRARY, especially the pertinent provisions of Republic Act No. 7656, all earnings of the CAAP from the collection/levy of any and all such fees, charges, dues, assessments and fines it is empowered to collect/levy under this Act shall be used solely to fund the operations of the CAAP.

THIS SECTION 15. MAY ONLY BE MODIFIED, AMENDED, OR REPEALED EXPRESSLY BY A LAW THAT SPECIFICALLY MODIFIES, AMENDS, OR REPEALS THIS SECTION OR A PORTION HEREOF.

“SEC.15-A. CIVIL AVIATION AUTHORITY OF THE PHILIPPINES’ FUND. - THERE IS HEREBY ESTABLISHED A FUND TO BE KNOWN AS THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES’ FUND, HEREINAFTER REFERRED TO AS “THE CAAP FUND”.

THE OPERATING EXPENSES SHALL BE DRAWN AGAINST:

A) ALL REVENUES FROM THE AERONAUTICAL AND ALLIED SERVICES OPERATED OR RENDERED BY THE CAAP;

B) SUCH SUMS AS MAY BE REMITTED BY FOREIGN STATES, INTERNATIONAL ORGANIZATIONS, MULTILATERAL OR BILATERAL LENDING AGENCIES, CORPORATIONS OR PRIVATE INDIVIDUALS FOR THE EXERCISE OF ANY OF THE FUNCTIONS OF THE CAAP;

C) DRAWINGS UPON THE CAPITAL SURPLUS OF THE CAAP.”

“SEC. 15-B. APPLICATION OF FUND. - THE MONEY IN THE FUND SHALL BE APPLIED IN DEFRAYING THE FOLLOWING EXPENDITURE:

(A) ACQUISITION OF PROPERTY BY THE CAAP IN THE PERFORMANCE OF ITS FUNCTIONS OR EXERCISE OF ITS POWERS;

(B) REMUNERATION AND ALLOWANCES OF MEMBERS OF THE BOARD;

(C) REMUNERATION, ALLOWANCES, ADVANCES, LOANS, PENSIONS AND GRATUITIES PAYABLE OR MADE TO EMPLOYEES;

(D) CAPITAL AND OPERATING EXPENSES, INCLUDING MAINTENANCE AND INSURANCE OF THE PROPERTY OF THE CAAP;

(E) FOR THE DEVELOPMENT OF AIRPORTS, CAAP SHALL REMIT AT LEAST 25% OF ITS INCOMES FROM THE AIR NAVIGATION CHARGES TO THE CONCERNED ENTITY; AND

(F) ANY OTHER EXPENDITURE AUTHORIZED BY THE CAAP IN THE PERFORMANCE OF ITS FUNCTIONS."

"SEC. 15-C. RETENTION OF EARNINGS COLLECTED AND DISPOSITIONS THEREOF. - EARNINGS COLLECTED BY THE CAAP UNDER THIS ACT SHALL BE RETAINED BY THE CAAP WHICH SHALL BE DISBURSED, AS THE CAAP MAY DEEM NECESSARY AND APPROPRIATE, TO CARRY OUT THE OBJECTIVES OF THIS ACT."

SEC. 16. Exemption from Taxes, Customs and Tariff Duties. - The importation of equipment, machineries, spare parts, accessories and other materials including supplies and services used solely and exclusively in the operations of the CAAP which are not obtainable locally shall be exempt from all direct and indirect taxes, wharfage fees and other charges and restrictions, the existence of pertinent laws to the contrary notwithstanding.

SEC. 17. Schedule of Fees and Charges. - The CAAP shall adopt and publish its schedule of fees and charges. The CAAP shall hold such public hearings or consultative meetings with stakeholders in the industry before adapting its schedule of fees and charges. The CAAP shall not revise its schedule of fees and fines more often than once every three (3) years.

"SEC. 18. Compensation and Other Emoluments of CAAP Personnel. - Within six (6) months from the effectivity of this Act, the Board shall determine the new schedule of salaries of the employees of the CAAP: Provided, That the Board shall determine and fix the compensation and fringe benefits of employees of CAAP which shall be specified in the Implementing Rules and Regulations. THE PERSONNEL OF THE CAAP SHALL BE EXEMPT FROM THE COVERAGE OF THE SALARY STANDARDIZATION LAW."

THIS SECTION MAY ONLY BE MODIFIED, AMENDED, OR REPEALED EXPRESSLY BY A LAW THAT SPECIFICALLY MODIFIES, AMENDS, OR REPEALS THIS SECTION OR A PORTION HEREOF."

"SEC. 18-A. MANAGEMENT OFFICIALS AND EMPLOYEES; MERIT SYSTEM - THE BOARD SHALL ESTABLISH A HUMAN RESOURCES MANAGEMENT SYSTEM, WHICH SHALL PROMOTE PROFESSIONALISM AT ALL LEVELS OF THE CAAP IN ACCORDANCE WITH SOUND PRINCIPLES OF MANAGEMENT.

A PROGRESSIVE COMPENSATION STRUCTURE, BASED ON, AND EQUIVALENT TO THE STANDARDS OF THE AVIATION INDUSTRY, AND PRACTICED AND OBSERVED IN THE REGIONAL AND INTERNATIONAL AVIATION INDUSTRIES, INCLUDING THE STANDARDS SET BY THE

INTERNATIONAL CIVIL AVIATION ORGANIZATION, SHALL BE ADOPTED AS AN INTEGRAL COMPONENT OF THE CAAP's HUMAN RESOURCES PROGRAM."

"SEC. 18-B. EXTRA COMPENSATION. - ALL RATED AND/OR LICENSED AIRMEN AND SUCH OTHER PERSONNEL OF THE CAAP, WHETHER RATED and/or LICENSED, WHO MAY BE AUTHORIZED TO UNDERTAKE OR PERFORM REGULAR AND FREQUENT FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, SHALL BE ENTITLED TO CLAIM, IN ADDITION TO THEIR BASE PAY, AN INCREASE IN COMPENSATION OF AT LEAST FIFTY PERCENTUM (50%) OF THEIR RESPECTIVE BASE PAY; PROVIDED, HOWEVER, THAT THE NUMBER OF HOURS ACTUALLY FLOWN BY SUCH AIRMEN AND AUTHORIZED PERSONNEL SHALL NOT BE LESS THAN FOUR (4) PER MONTH.

WHENEVER THE DIRECTOR-GENERAL SHALL REQUIRE ANY EMPLOYEE BELOW THE RANK OF THE DIRECTOR GENERAL OF THE CAAP TO WORK BEYOND THE USUAL OFFICE HOURS OR ON HIS NON-WORKING DAY, SUCH EMPLOYEE SHALL BE ENTITLED TO RECEIVE AN ADDITIONAL COMPENSATION EQUIVALENT TO AT LEAST TWO HUNDRED PERCENTUM (200%) OF HIS REGULAR SALARY, NOTWITHSTANDING ANY LAW TO THE CONTRARY."

"SEC. 18-C. EMPLOYMENT OF EXPERTS, TECHNICAL PERSONS; HIGHLY CONFIDENTIAL POSITION; TEMPORARY PERSONNEL - THE DIRECTOR GENERAL MAY ENGAGE FOR TEMPORARY SERVICE SUCH DULY QUALIFIED EXPERTS, CONSULTANTS, OR OTHER TECHNICALLY QUALIFIED PERSONS, TO PROVIDE EXPERTISE AS HE MAY FIND NECESSARY, WITH COMPENSATION, EQUIVALENT TO THE PRACTICE AND STANDARDS OF THE AVIATION INDUSTRY, LOCALLY, IN THE ASIA-PACIFIC REGION, OR AS SET BY THE INTERNATIONAL CIVIL AVIATION ORGANIZATION.

FURTHER, HE MAY MAKE APPOINTMENTS TO HIGHLY CONFIDENTIAL POSITIONS, AS HE MAY DETERMINE, AS REQUIRED BY THE FUNCTIONS AND RESPONSIBILITIES OF THE OFFICE. FINALLY, HE MAY EMPLOY TEMPORARY PERSONNEL TO PERFORM ADMINISTRATIVE, CLERICAL, AND GENERAL SERVICES, AS MAY BE REQUIRED BY THE CAAP, FROM TIME TO TIME."

"SEC. 18-D. EXEMPTION FROM THE PROVISIONS OF REPUBLIC ACT NO. 10149"

The provisions of law notwithstanding, CAAP shall be exempted from the provisions of Republic Act No. 10149. In this regard, the CAAP will be a government instrumentality with corporate powers whose Board of Directors shall be the final body that shall establish the CAAP's organizational structure and staffing pattern, and the compensation and benefits of all CAAP employees which must be competitive to the rates and standards of the aviation industry.

"SEC. 19. Transfer of Properties. - The funds and appropriations, records, equipment and property of the CAB are hereby transferred to the CAAP."

SEC. 20. Annual Report. - The CAAP shall prepare and submit an annual report to the President of the Philippines, to the Senate and to the House of Representatives on its accomplishments at the close of each calendar year.

CHAPTER III GENERAL POLICIES

SEC. 21. Policies. - In the exercise and performance of its regulatory powers and duties under this Act, the CAAP shall consider the following, among other things, as being in the public interest and in accordance with the public convenience and necessity:

- (a) The development and utilization of the air potential of the Philippines;
- (b) The encouragement and development of an air transportation system properly adapted to the present and future of foreign and domestic commerce of the Philippines;
- (c) The regulation of air transportation in such manner as to support sound economic condition in such transportation and to improve the relations between air carriers;
- (d) Ensuring the safety, quality, reliability, and affordability of air transport services for the riding public; and
- (e) The encouragement and development of a viable and globally competitive Philippine aviation industry.

CHAPTER IV POWERS OF THE CAAP

SEC. 22. Powers and Functions. - The CAAP shall have such powers as are granted to the Board and the Director General under the provisions of this Act.

SEC. 23. Corporate Powers. - The CAAP, acting through the Board, pursuant to its power to regulate, shall have the following corporate powers:

- (a) To succeed in its corporate name, to sue and be sued in such corporate name, and to adopt, use and alter its corporate seal, which shall be judicially noticed;
- (b) To adopt, amend or repeal its bylaws;
- (c) To enter into, make, perform and carry out contracts of every class, kind and description, which are necessary or incidental to the realization of its purposes, with any person, domestic or foreign private firm, or corporation, local or national government office, agency and with international institutions or foreign government;
- (d) To construct, acquire, own, hold, operate, maintain, administer and lease personal and real properties, including buildings, machinery, equipment, other infrastructure, agricultural land, and its improvements, property rights, and interests therein, and to encumber, mortgage, dispose, sell, or alienate or otherwise dispose the same at the fair market value it may deem appropriate by it: Provided, That no real property thus

acquired and any other real property shall be sold without the approval of the President of the Philippines;

(e) To settle, under such terms and conditions most advantageous to it, any claim by or against it;

(f) To determine and keep its own system of accounts following generally accepted principles of accounting, as well as the forms and contents of its contracts and other business documents; and

(g) To perform such other acts, as are necessary or convenient in connection with the performance of its functions, to carry out the purposes of this Act.

CHAPTER V POWERS AND FUNCTIONS OF THE BOARD

"Sec. 24. Powers of the Board. The Board shall have the following general powers:

(a) Provide comprehensive policy guidance for the promotion and development of the Philippine airports and aviation industry, as provided for in this Act;

(b) Ensure that the CAAP performs its functions in a proper, efficient and effective manner;

(c) Decide the objectives, strategies and policies of the CAAP in accordance with the provisions of this Act;

(d) Determine the organizational structure of the CAAP in accordance with the provisions of this Act, establish a human resources management system based on merit and fitness, and adopt a rational compensation and benefits scheme EQUIVALENT TO THE STANDARDS SET BY THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO);

(e) Exercise appellate powers on any decisions, findings and rulings of the Director General, to issue subpoena ad testificandum or subpoena duces tecum requiring the attendance and testimony of witnesses in any matter or inquiry pending before the Board and require the production of books, papers, contracts, agreements and all other documents submitted for purposes of this section to be under oath and verified by the person in custody thereof as to the truth and correctness of data appearing in such books, papers, tariffs, contracts, agreements and all other documents;

(f) Exercise appellate powers to order the taking of depositions in any proceeding, or investigation, pending before the Board at any stage of such proceeding or investigation;

(g) Use available services, equipment, personnel and facilities of other agencies of the Philippine Government, on a reimbursable basis when appropriate and, on a similar basis, to co-operate with those agencies in the establishment and use of services, equipment and facilities of the CAAP;

(h) Use the property of the CAAP in such a manner as may appear to the CAAP to be requisite, advantageous or convenient with a view to making the best use of any of the property of the CAAP in relation to its regulatory and institutional functions under this Act;

(i) Promulgate rules and regulations as may be necessary in the interest of safety in air commerce pertaining to the issuance of the airman's certificate including the licensing of operating and mechanical personnel, type certificate for aircraft, aircraft engines, propellers and appliances, airworthiness certificates, air OPERATOR certificates, air agency certificates, navigation facility and aerodrome certificates; air traffic routes; radio and aeronautical telecommunications and air navigation aids; aircraft accident inquiries; aerodromes, both public and private-owned; construction of obstructions to aerodromes; height of buildings; antennae and other edifices; registration of aircrafts; search and rescue; facilitation of air transports; operations of aircrafts, both for domestic and international, including scheduled and non-scheduled; meteorology in relation to civil aviation; rules of the air; air traffic services; FLIGHT INFORMATION SERVICES, ALERTING SERVICE AND AERONAUTICAL INFORMATION SERVICE WITHIN THE PHILIPPINE FLIGHT INFORMATION REGION rules for prevention of collision of aircrafts, BETWEEN AIRCRAFT AND LAND OR WATER VEHICLES AND OBJECTS, AND BETWEEN AIRCRAFT AND AIRBORNE OBJECTS; RULES FOR THE NAVIGATION, PROTECTION AND identification of aircraft; RULES FOR THE EFFICIENT UTILIZATION OF THE NAVIGABLE AIR SPACE, rules for safe altitudes of flight; and such other rules and regulations, standards, governing other practices, methods and/or procedures as the BOARD may find necessary and appropriate to provide adequately for safety regularity and efficiency in air commerce and air navigation;

(j) Impose and fix reasonable charges and fees for the use of government air navigation facilities; for services rendered by the CAAP in the rating of any aerodrome or air navigation facilities, civil aviation schools and instructors, aircraft repair stations, and aircraft radio and aeronautical telecommunications stations;

(k) Fix the reasonable charges to be imposed in the use of privately-owned air navigation facilities and aerodromes;

(l) Adopt a system for the registration of aircraft as hereinafter provided;

(m) Approve the annual and supplementary budget plan and utilization of retained revenue;

(n) Exercise the corporate powers granted to the CAAP;

(o) Formulate rules and regulations concerning compliance of the carrier and the public for the safe transport of goods and materials by air pursuant to international standards or Annexes to the Chicago Convention;

(p) Oversee reasonable regulation requiring that all passengers and all property intended to be carried in the aircraft cabin in commercial air transport be screened by weapon-detecting procedure or facilities employed or operated by employees or

agents of the air operator or foreign air operator prior to boarding the aircraft for such transportation;

(q) Prescribe such other reasonable rules and regulations requiring such parties, methods and procedures as the Board may find necessary to protect persons and property aboard aircraft operating in commercial air transport against acts of criminal violence and aircraft piracy;

(r) To the extent practicable, require uniform procedures for the inspection, detention, and search of persons and property in domestic commercial air transport and international commercial air transport to assure their safety and to assure that they will receive courteous and efficient treatment by air operators and their agents and employees; and

(s) THE BOARD MAY PERFORM SUCH ACTS, THRU THE DIRECTOR GENERAL OR APPROPRIATE OFFICE, CONDUCT SUCH INVESTIGATION IN THE PERFORMANCE OF ITS QUASI JUDICIAL FUNCTIONS, AS IT SHALL DEEM NECESSARY TO CARRY OUT THE PROVISIONS OF THIS ACT.

IN EXERCISING THE POWERS GRANTED UNDER THIS ACT, THE BOARD SHALL GIVE FULL CONSIDERATION TO THE REQUIREMENTS OF NATIONAL DEFENSE, COMMERCIAL AND GENERAL AVIATION, AND TO THE PUBLIC RIGHT OF TRANSIT THROUGH NAVIGABLE AIRSPACE."

"SEC. 24-A. REGULATION OF ECONONOMIC ASPECT OF AIR TRANSPORTATION - EXCEPT AS OTHERWISE PROVIDED, THE BOARD SHALL HAVE THE POWER TO REGULATE THE ECONOMIC ASPECT OF AIR TRANSPORTATION, AND SHALL HAVE THE GENERAL SUPERVISION AND REGULATION OF, THE JURISDICTION AND CONTROL OVER AIR CARRIERS, GENERAL SALES AGENT, CARGO SALES AGENTS, AND AIRFREIGHT FORWARDERS AS WELL AS THEIR PROPERTY, PROPERTY RIGHTS, EQUIPMENT, FACILITIES, AND FRANCHISE IN SO FAR AS NECESSARY FOR THE PURPOSE OF CARRYING OUT THIS ACT.

"SEC. 24 -B. DELEGATION OF POWER - THE BOARD MAY, BY RESOLUTION OR AUTHORITY GIVEN IN A BOARD MEETING, DELEGATE ALL OR ANY OF ITS POWERS TO THE DIRECTOR GENERAL, A COMMITTEE OR MEMBER. THE DELEGATE IS, IN THE EXERCISE OF A DELEGATED POWER, SUBJECT TO THE DIRECTORS OF THE BOARD. THE DELEGATION MAY BE REVOKED BY RESOLUTION OF THE BOARD WHETHER OR NOT APPROVED BY THE PERSONS WHO CONSTITUTED THE BOARD WHEN THE POWER WAS DELEGATED. A DELEGATION CONTINUES IN FORCE IN SPITE OF CHANGES IN THE COMPOSITION OF THE BOARD.

THIS PROVISION SHALL HAVE RETROACTIVE EFFECT INSOFAR AS IT DOES NOT PREJUDICE OR IMPAIR VESTED OR ACQUIRED RIGHTS IN ACCORDANCE WITH EXISTING LAWS."

"SEC. 25. Issuance of Rules and Regulations. - The Board, in consultation with the Director General, shall issue and provide for the enforcement of such orders, rules and

regulations as may be necessary to give effect to the provisions of this Act. All rules and regulations issued in accordance with the provisions of this Act shall be formally promulgated and periodically reviewed and updated in accordance with the requirements of the Administrative Code of the Philippines or any amendment or successor thereto and the ICAO Standards and Recommended Practices. Pending the promulgation of such new rules and regulations, the current rules and regulations of the CAAP AND CAB shall continue to apply."

"SEC. 26. Setting of Charges and Fees. - The Board, after consultation with the Director General, and after public hearing, shall determine, fix, impose, collect or receive reasonable charges, fees, dues or assessments in respect of aviation certificates, licenses and all other authorizations or permissions authorized to be issued under this Act and all services performed by the CAAP BASED ON THE TRANSPARENT PRINCIPLE OF COST RECOVERY, PROVIDED THAT, SERVICES PERFORMED IN PURSUIT OF CAAP'S FUNCTIONS AND DUTIES UNDER THIS ACT SHALL NOT BE ASSESSED WITH CHARGES AND FEES. All charges and fees shall be formally promulgated in accordance with the requirements of the Administrative Code of the Philippines or any amendment or successor thereto. Pending the promulgation of such new schedule of charges and fees, the current charges and fees of the CAAP AND CAB shall continue to apply."

"SEC. 27. Issuance of Rules of Procedure and Practice. - The Board may authorize the Director General to issue or amend rules of procedures and practice as may be required to be issued pursuant to the provisions of this Act or issue and adopt rules and regulations and other issuances of the ICAO. Pending the promulgation of such new rules of procedures and practice, current rules of procedures and practices of the CAAP AND CAB shall continue to apply."

SEC. 28. Appellate Powers. - The Board, on an appeal properly taken by an interested party from a decision, judgment or order of the Director General, shall have the power to:

- (a) Review, confirm, modify, revise, amend or reverse, as the case may be, decisions, judgments and/or orders of the Director General;
- (b) Confirm, remit, mitigate, increase or compromise, as the case may be, fines imposed by the Director General pursuant with the provisions of this Act; and
- (c) Review, confirm, modify, revise, amend or reverse, as the case may be, impositions by the Director General of liens on personal and real properties of entities, persons, corporations or partnerships in default, or those who have failed to perform their obligations pursuant to rules and regulations promulgated under this Act, or those who shall have failed to pay the fines or other pecuniary penalties for violation thereof,

In no case that the Director General shall participate in the hearing and adjudication of an appealed case before the Board where the subject of appeal is a judgment or decision rendered by his office. In such case, it requires four (4) concurring votes of the members of the Board who actively participated in the deliberation of the appealed

case before the judgment or decision of the Director General can be modified or reversed.

SEC. 29. Power to Administer Oaths. - The members of the Board, the Director General and such other duly designated officers of the CAAP shall have the authority to administer oaths in the transaction and performance of their official duties.

"SEC. 30. Annual Budget. THE ANNUAL BUDGET OF THE CAAP SHALL BE PREPARED AND SUBMITTED BY THE DIRECTOR GENERAL FOR APPROVAL OF THE BOARD AND SHALL NOT BE SUBJECT TO ANY RESTRICTION AND LIMITATION BY ANY GOVERNMENT AGENCY EXCEPT BY THE COMMISSION ON AUDIT.

SEC. 31. Delegation of Functions. - (a) Delegation to Officers, Employees and Administrative Units of the CAAP - The Director General may, subject to such regulations, supervision and review as may be prescribed, authorize the performance by any officer, employee, or administrative unit under the Director General's jurisdiction of any function under this Act.

(b) COMMAND RESPONSIBILITY - THE ACTS OF THE PERSON DESIGNATED ARE CONSIDERED ACTS OF THE DIRECTOR GENERAL AND SHALL BE LIABLE FOR THE SAME AS PROVIDED FOR IN THE APPLICABLE LAWS.

(c) Delegation to Private Persons - The Director General, in accordance with the policy guidelines prescribed by the Board, is authorized to delegate any assigned powers and duties to any properly qualified private person subject to his continuing supervision, regulation, and review as may be prescribed. However, the Director General shall ensure that such functions are not delegated in such a way that air operators, aerial work or general aviation operators and maintenance facilities, in effect, regulate themselves.

SEC. 32. Limitation of Powers. - The Board shall not exercise any power or function not otherwise expressly granted to it under this Act, neither shall the Board exercise, in the first instance, any power or function that properly falls within the authority, jurisdiction, powers or functions of the Director General.

CHAPTER VI THE CAAP PROPER

"SEC. 33. Organizational Structure of the CAAP. - Within fifteen (15) days from the appointment of and acceptance by all members of the Board and the Director General of their respective appointments, the Board, in consultation with the Director General, shall meet to draw-up the CAAP's organizational structure. The Board shall agree on the CAAP's final organizational structure not later than six (6) months from the date of the effectivity of this Act.

In addition to the offices created under Sections 36 and 40 of this Act, the Board shall establish the following permanent offices:

(a) Air Traffic Service;

- (b) Air Navigation Service; and
- (c) Administrative and Finance Service.

The Board may agree for the viability for the creation of additional offices and the finalization of the organizational structure not later than six (6) months from the date of the effectivity of this Act.

Notwithstanding the qualification standards as may be prescribed by the Board and the Civil Service Commission, the selection and appointment of the heads of the foregoing offices shall be limited from the rank and file employees of the concerned services."

SEC. 34. Training Schools. - (a) Authority to Operate - The Director General may conduct a school or schools for the purpose of training employees of the CAAP in those subjects necessary for the proper performance of all authorized functions of the CAAP. The Director General may also authorize attendance of courses given in such schools by other governmental personnel and personnel of foreign governments, or personnel of the aeronautical industry.

(b) Offset of Training Costs - The Director General is hereby authorized, where appropriate, to require payment of appropriate consideration to offset the costs of training provided by such school or schools.

CHAPTER VII

THE DIRECTOR GENERAL

"SEC. 35. Powers and Functions of the Director General. - The Director General shall be the chief executive and operating officer of the CAAP. He shall have the following powers, duties and responsibilities:

(a) To carry out the purposes and policies established in this Act; to enforce the provisions of the rules and regulations issued in pursuance to said Act; and he shall primarily be vested with authority to take charge of the technical and operational phase of civil aviation regulatory matters;

(b) To designate and establish civil airways, acquire, control, operate and maintain along such airways, navigation facilities and to chart such airways and arrange for their publication including the aeronautical charts or maps required by the international aeronautical agencies, by utilizing the equipment, supplies or assistance of existing agencies of the government as far as practicable;

(c) To issue airman's certificate specifying the capacity in which the holder thereof is authorized to serve as airman in connection with aircraft and shall be issued only the finding that the applicant is properly qualified and physically able to perform the duties of the position. The certificate shall contain such terms, conditions and limitations as the Director General may determine to be necessary to assure safety in air commerce: Provided, however, That the airman's license shall be issued only to qualified persons who are citizens of the Philippines or qualified citizens of countries granting similar rights and privileges to citizens of the Philippines;

(d) To issue airworthiness certificate for aircraft which shall prescribe the duration of such certificate, the type of service for which the aircraft may be used, and such other terms and conditions and limitations as are required;

(e) To issue air [carrier operating] OPERATOR certificate in accordance with the minimum safety standards for the operation of the air carrier to whom such certificate is issued. The air [carrier operating] OPERATOR certificate shall be issued only to aircrafts registered under the provisions of this Act.

AN AIR OPERATOR CERTIFICATE HOLDER MAY OPERATE AND USE FOREIGN REGISTERED AIRCRAFT PROVIDED THAT THE STATE TO WHICH IT IS REGISTERED IS WILLING TO DELEGATE TO THE DIRECTOR GENERAL THE TECHNICAL AND SAFETY OVERSIGHT FUNCTIONS OVER THE AIRCRAFT AND/OR ITS CREW, AS APPLICABLE.

(f) To issue type certificate for aircraft, aircraft engine, propellers and appliances;

(g) To inspect, classify and rate any air navigation facilities and aerodromes available for the use of aircraft as to its suitability for such use and to issue a certificate for such air navigation facility and aerodrome; and to determine the suitability of foreign aerodromes, air navigation facilities as well as air routes to be used prior to the operation of Philippine-registered aircraft in foreign air transportation and from time to time thereafter as may be required in the interest of safety in air commerce;

(h) To issue certificates of persons or civil aviation giving instruction in flying, repair stations, and other air agencies and provide for the examination and rating thereof AND TO ISSUE CERTIFICATES TO APPROVED MAINTENANCE ORGANIZATIONS;

(i) To provide for the enforcement of the rules and regulations issued under the provisions of this Act and to conduct investigation for violations thereto. In undertaking such investigation, to require by subpoena ad testificandum or subpoena duces tecum, the attendance and testimony of witnesses, the production of books, papers, documents, exhibits matter, evidence, or the taking of depositions before any person authorized to administer oath. Refusal to submit the reasonable requirements of the investigation committee shall be punishable in accordance with the provisions of this Act;

(j) To collect and disseminate information relative to civil aeronautics and the development of air commerce and the aeronautical industry; to exchange with foreign governments, information pertaining to civil aeronautics; and to provide for direct communication on all matters relating to the technical or operational phase of aeronautics with international aeronautical agencies;

(k) To acquire and operate such aircraft as may be necessary to execute the regulatory duties and functions of the CAAP prescribed in this Act;

(l) To collect and receive charges and fees for the registration of aircraft and for the issuance and/or renewal of licenses or certificates for aircraft, aircraft engines, propellers and appliances, and airmen as provided in this Act;

(m) To impose fines and/or civil penalties in respect thereto;

(n) To participate actively with the largest possible degree in the development of international standardization of practices in aviation matters important to safe, expeditious, and easy navigation, and to implement as far as practicable the international standards, recommended practices and policies adopted by appropriate international aeronautical agencies;

(o) To exercise and perform its powers and duties under this Act consistent with any obligation assumed by the Republic of the Philippines in any treaty, convention or agreement on civil aviation matters;

(p) To cooperate, assist and coordinate with any research and technical agency of the government on matters relating to research and technical studies on design, materials, workmanship, construction, performance, maintenance and operation of aircraft, aircraft engines, propellers, appliances, and air navigation facilities including aircraft fuel and oil: Provided, that nothing in this Act shall be construed to authorize the duplication of the laboratory research, activities or technical studies of any existing governmental agency;

(q) To designate such prohibited and danger areas, in consonance with the requirements of the international aeronautical agencies and national security;

(r) To issue, deny, suspend, cancel or revoke any certificate, license pertaining to aircraft, airmen and air agencies: Provided, that any order denying, suspending, cancelling, revoking the certificate or license may be appealed to the Board, whose decisions shall be final within fifteen (15) days from the date of notification of such denial, cancellation or revocation;

(s) To grant authorization to civil aircraft or persons to carry instruments or photographic devices to be used for aerial photography or taking of pictures by photograph or sketching of any part of the Philippines; and

(t) Pursuant to a board resolution, to enter into, make and execute contracts of any kind with any person, firm, or public or private corporation."

"SEC. 35-A. AUTHORITY TO ENTER INTO REGIONAL COOPERATIVE AVIATION SAFETY AGREEMENTS. - THE DIRECTOR GENERAL SHALL ENCOURAGE REGIONAL COOPERATION IN THE REGULATION AND ADMINISTRATION OF AVIATION SAFETY; PROVIDED, THAT IN EXERCISING AND PERFORMING POWERS AND DUTIES UNDER THIS ACT, THE DIRECTOR GENERAL SHALL ACT CONSISTENTLY WITH ANY OBLIGATION ASSUMED BY THE GOVERNMENT OF THE PHILIPPINES UNDER ANY INTERNATIONAL TREATY, CONVENTION AND AGREEMENT THAT MAY BE IN FORCE BETWEEN THE GOVERNMENT OF THE PHILIPPINES AND ANY FOREIGN COUNTRIES.

THE DIRECTOR GENERAL MAY ENTER INTO AGREEMENTS FOR COOPERATIVE ENDEAVOURS IN AVIATION SAFETY WITH OTHER REGIONAL CONTRACTING STATES TO THE CONVENTION ON INTERNATIONAL CIVIL

AVIATION. IN DOING SO, THE DIRECTOR SHALL HAVE THE AUTHORITY, IN COORDINATION WITH THE DEPARTMENT OF FOREIGN AFFAIRS, TO NEGOTIATE, AGREE TO, AND MANAGE ANY SUCH REGIONAL INTERNATIONAL AGREEMENT. THE DIRECTOR MAY, WHERE APPROPRIATE TO CIVIL AVIATION SAFETY AND THE PUBLIC INTEREST, FURTHER DELEGATE CERTAIN AVIATION SAFETY TASKS UNDER THE INTERNATIONAL AGREEMENT TO FILIPINO CITIZENS OR TO CITIZENS OF THE CONTRACTING STATE WITH WHICH THE PHILIPPINES HAS ENTERED INTO AN INTERNATIONAL REGIONAL AGREEMENT."

COMMAND RESPONSIBILITY CLAUSE AS PROVIDED IN SEC. 31-B, SHALL APPLY TO DELEGATOR OF POWER

SEC. 36. The Office of Enforcement and Legal Service. - To effectively implement the civil aviation regulatory, supervisory and administrative mandates of the Director General under this Act, a permanent office within the CAAP to be known as the Enforcement and Legal Service, to be composed of in-house counsels of the CAAP and its necessary support staff shall be established by the Board.

This office shall provide adequate legal assistance and support to the Director General and to the CAAP, as a whole, in the exercise of quasi-legislative and quasi-judicial power as provided for under this Act.

The exercise of the function by the Director General to issue subpoena ad testificandum, subpoena duces tecum and the imposition of any administrative sanction shall be within the exclusive determination and recommendation of the Enforcement and Legal Service.

"SECTION 36-A. AVIATION POLICY AND INTERNATIONAL AFFAIRS OFFICE - THERE SHALL HEREBY BE CREATED AN AVIATION POLICY AND INTERNATIONAL AFFAIRS OFFICE, TO COORDINATE, DEVELOP, AND ENSURE IMPLEMENTATION OF AVIATION POLICY, ESTABLISHMENT AND REVIEW OF AIR SERVICE AGREEMENTS, AND HANDLE THE DIFFERENT ACTIVITIES RELATED TO THE CAAP'S FULFILLMENT OF COMMITMENTS UNDER THE ICAO, ANY ANNEX TO THE CONVENTION RELATING TO INTERNATIONAL STANDARDS AND RECOMMENDED PRACTICES AND ANY AMENDMENT THERETO, OR OTHER INTERNATIONAL CONVENTIONS AND PROTOCOLS, RELATING TO CIVIL AVIATION THAT THE PHILIPPINES IS PARTY TO.

THE AVIATION POLICY AND INTERNATIONAL AFFAIRS OFFICE SHALL BE UNDER THE OFFICE OF THE DIRECTOR GENERAL AND SHALL BE HEADED BY A DIVISION CHIEF. THE OFFICE SHALL BE COMPOSED OF THE FOLLOWING SECTIONS: POLICY AND PLANNING, INTERNATIONAL COOPERATION AND ICAO AFFAIRS, AND NATIONAL CIVIL AVIATION AFFAIRS SECTION."

SEC. 37. Orders. - (a) Effectiveness of Orders - Except in emergency situations, all orders, rules and regulations of the Director General shall take effect within such reasonable times as the Director General may prescribe, and shall continue in force

until a further order, rule or regulation, or for a specified period of time, as shall be prescribed in the order, rule or regulation.

(b) Emergencies - Whenever the Director General is of the opinion that an emergency requiring immediate action exists with respect to safety in civil aviation, the Director General shall have the power, either upon complaint or the Director General's initiative without complaint, at once, if the Director General so orders, without answer or other form of pleading by the interested person or persons, and with or without notice, hearing, or the making or filing of a report, to make such just and reasonable orders, rules or regulations as may be essential in the interest of safety in civil aviation to meet such emergency: Provided, That the Director General shall immediately thereafter initiate proceedings relating to the matter giving rise to any such order, rule or regulation.

(c) Suspension and Modification of Orders - The Director General shall have the power to suspend or modify orders upon such notice and in such manner as the Director General shall find proper.

(d) Public Compliance - It shall be the duty of every person (along with any agents and employees thereof in the case of entities other than individuals), subject to this Act, to observe and comply with any order, rule, regulation, or certificate issued by the Director General under this Act, affecting such person so long as the same shall remain in effect.

"SEC. 38. Right of Access for Inspection. - (a) The Director General or his authorized representative shall be authorized access to civil aircraft, including aerodromes AND AIR NAVIGATION FACILITIES, without restriction wherever they are operated within the Philippines for purposes of ensuring that those aircraft AND AVIATION FACILITIES are airworthy and being operated in accordance with this Act, regulations issued under this Act, and applicable ICAO Annexes.

(b) The Director General or his authorized representative shall be authorized access to civil aircraft registered in the Philippines without restriction wherever they are operated in the world for the purposes of ensuring that these aircraft are airworthy and are being operated in accordance with this Act and applicable regulations and directives.

(c) The Director General or his authorized representative shall be authorized access by the Philippine air operators at any place and any time to conduct any tests or inspections in their facility or offices in order to determine that those operations are conducted in accordance with this Act and applicable regulations and directives.

(d) The Director General or his authorized representative shall be authorized access to any aerodromes AND AIR NAVIGATION FACILITIES, whether privately or government- owned, to conduct inspections, AUDIT, SURVEILLANCE or evaluation of the facilities therein in order to determine that its operations are conducted IN ACCORDANCE WITH THE PRESCRIBED STANDARDS."

SEC. 39. Authority to Prevent Flight. - (a) The Director General is authorized to direct the operator or airman of a civil aircraft that the aircraft is not to be operated in situations where:

- (1) The aircraft may not be airworthy; or
- (2) The airman may not be qualified or physically or mentally capable for the flight; or
- (3) The operation would cause imminent danger to persons or property on the ground.

(b) The Director General may take such steps as are necessary to detain such aircraft or airmen.

“SEC. 40. Creation of Flight Standards Inspectorate Service. - (a) The Board, other than the offices it shall create in furtherance of this Act, shall establish a permanent office known as the Flight Standards Inspectorate Service (FSIS) that will assist the Director General in carrying out the responsibilities of his office for LICENSING, certification and ongoing inspections of aircraft, airmen and air operators.

The FSIS shall perform the following functions:

- (1) Airworthiness inspection;
- (2) Flight operations inspection and evaluation; and
- (3) Personnel licensing.

Furthermore, the Board shall create, but not limited to, the following offices which will provide support to the functions of the FSIS, namely: Aircraft Registration, Aircraft Engineering and Standards, Airmen Examination Board and Office of the Flight Surgeon.”

“SEC. 40-A. AERODROME AND AIR NAVIGATION SAFETY OVERSIGHT OFFICE. - THERE SHALL HEREBY BE CREATED AN AERODROME AND AIR NAVIGATION SAFETY OVERSIGHT OFFICE, HEREINAFTER REFERRED TO AS ANSOO, TASKED TO ENSURE EFFECTIVE IMPLEMENTATION OF THE SAFETY-RELATED STANDARDS AND RECOMMENDED PRACTICES (SARPS) AND ASSOCIATED PROCEDURES CONTAINED IN THE ANNEXES TO THE ICAO CONVENTION.

THE BOARD SHALL CREATE, BUT NOT LIMITED TO, THE FOLLOWING OFFICES WHICH WILL PROVIDE SUPPORT TO THE FUNCTIONS OF THE ANSOO, NAMELY: AIR TRAFFIC MANAGEMENT INSPECTORATE DIVISION, AERODROME INSPECTORATE DIVISION, COMMUNICATIONS, NAVIGATION, SURVEILLANCE INSPECTORATE DIVISION, AND REGULATORY SAFETY STANDARDS DIVISION.

“SEC. 40-B. CIVIL AVIATION SECURITY SERVICE. - THERE SHALL HEREBY BE CREATED A CIVIL AVIATION SECURITY SERVICE, HEREINAFTER REFERRED TO AS CASS, TASKED TO PROTECT THE SAFETY OF PASSENGERS, CREW,

GROUND PERSONNEL AND THE GENERAL PUBLIC IN ALL MATTERS RELATED TO SAFEGUARDING AGAINST ACTS OF UNLAWFUL INTERFERENCE WITH CIVIL AVIATION;

THE CASS SHALL PERFORM THE FOLLOWING FUNCTIONS:

(1) EXERCISE RESPONSIBILITY FOR THE SECURITY OF CIVIL AVIATION BY ENSURING THAT ANNEX 17 TO THE CONVENTION ON INTERNATIONAL CIVIL AVIATION, AS AMENDED, COMMONLY REFERRED TO AS THE STANDARDS AND RECOMMENDED PRACTICES AND AS PRESCRIBED IN THE SECURITY MANUAL FOR SAFEGUARDING CIVIL AVIATION AGAINST ACTS OF UNLAWFUL INTERFERENCE (DOCUMENT 8973 - RESTRICTED) ARE IMPLEMENTED;

(2) IMPLEMENT AND MAINTAIN THE NATIONAL CIVIL AVIATION SECURITY PROGRAM (NCASP);

(3) CONDUCT AUDITS, INSPECTIONS, SURVEYS, TESTS AND INVESTIGATIONS OF THE SECURITY STANDARDS AND OPERATING PROCEDURES OF AIRPORTS, AIRCRAFT OPERATORS, AIR TRAFFIC SERVICE PROVIDERS AND PROVIDERS OF SECURITY SERVICES; REPORT ANY DEFICIENCIES IN SECURITY MEASURES; AND RECOMMEND AND/OR ENFORCE PROCEDURES FOR THEIR CORRECTION.

FOR THIS PURPOSE, THE FUNCTIONS OF THE OFFICE OF TRANSPORT SECURITY (OTS) PERTAINING TO CIVIL AVIATION SECURITY OVERSIGHT SHALL BE TRANSFERRED TO THE CASS.

SEC. 41. Validation. - The Director General is authorized, in the discharge of his certification and inspection responsibilities, to validate the actions of the civil authority of another State in lieu of taking the specific action, with the following restrictions:

(a) For actions on airman or airworthiness certificates, the other State must be a signatory to the Chicago Convention and be fulfilling its obligations under the Chicago Convention with respect to the issuance and currency of these certificates; and

(b) For actions applicable to air operators, the Director General must exercise discretion and require supporting documents. The Director General should ensure that, when validation is based on the actions of another civil aviation authority, there is no information to indicate that the State does not meet its obligations under the Chicago Convention regarding certification and ongoing validation of its air operators.

"SEC. 42. Aircraft Accident Investigation and Inquiry Board. - Pending the establishment of an independent and separate government agency created to conduct investigation of accidents on land, air and water, the Director General shall organize an Aircraft Accident Investigation and Inquiry Board (AAIIB) to be composed of personnel of the CAAP specialized in the various disciplines of civil aviation. The

Board shall appoint the head of the AAIIB. THE HEAD OF THE AIIB, WHO SHALL BE THE CHIEF EXECUTIVE OFFICER, SHALL BE APPOINTED BY THE SECRETARY OF THE DOTR FOR A TERM OF FOUR (4) YEARS RENEWABLE ONCE FOR ANOTHER FOUR (4) YEARS.

(a) Reporting of Accidents - The [Board] AIIB shall promulgate rules and regulations governing the notification and the reporting of accidents and incidents involving aircraft.

(b) General Authority to Investigate - Except as provided in subsection c of this section, the HEAD OF THE AIIB shall have:

(1) The power to investigate, or arrange by contract or otherwise for the investigation of, accidents involving aircraft occurring in the Philippines and civil aircraft registered in the Philippines occurring outside the territory of any foreign country for the purpose of determining the facts, conditions and circumstances relating to each accident and the probable cause thereof; and

(2) The authority to participate in the investigation of accidents involving aircraft registered in the Philippines occurring outside the territory of a foreign country, consistent with any treaty, convention, agreement, or other arrangement between the Philippines and the country in whose territory the accident occurred.

(c) Accident Prevention - The HEAD OF THE AIIB shall take any corrective actions, such as cancellation of the legislative franchise, which, on the basis of the findings of the accident investigations authorized under this section, that, in the judgment of the [Director General] HEAD OF THE AIIB, will tend to prevent similar accidents in the future.

(d) Investigation of Accidents Within Military Sites - Notwithstanding any other provision of this section, and, the investigation of an accident involving aircraft occurring within military sites in the Philippines, or an accident involving solely an aircraft of the armed forces of any foreign country occurring in the Philippines, shall be the responsibility of the military. For the purpose of this subsection, the term 'military sites' means those areas within the Philippines which are under the control of the military of the Philippines or the military of another country.

(e) Use as Evidence - No part of any report or reports of the [Director General] HEAD OF THE AIIB relating to any accident, or the investigation thereof, shall be admitted as evidence or used in any suit or action for damages arising out of any matter mentioned in such report or reports except when the criminal liabilities/aspects of the accident is put into issue."

CHAPTER VIII

NATIONALITY AND OWNERSHIP OF AIRCRAFT

SEC. 43. Establishment of Registry. - The CAAP shall:

(a) Establish and maintain a system for the national registration of aircraft in the Philippines;

(b) Establish and maintain a system for the registration of liens, mortgages or other interests in aircraft or aircraft engines; and

(c) Have sole authority to register aircraft and liens, mortgages or other interests in aircraft or aircraft engines.

SEC. 44. Eligibility for Registration. - Except as otherwise provided in the Constitution and existing treaty or treaties, no aircraft shall be eligible for registration unless it is owned by or leased to a citizen or citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least sixty per centum (60%) of whose capital is owned by Filipino citizens. That, under such rules and regulations to be promulgated by the Board, foreign-owned or registered aircraft may be registered if utilized by members of aero clubs organized for recreation, sport or the development of flying skills as a prerequisite to any aeronautical activities of such clubs within the Philippine airspace. (R.A. 776, P.D. 1278, E.O. 546, and B.P. 504)

Such certificate shall be conclusive evidence of nationality for international purposes, but not in any proceeding under the laws of the Republic of the Philippines.

The certificate of registration is conclusive evidence of ownership, except in a proceeding where such ownership is, or may be, at issue.

SEC. 45. Application for Aircraft Registration. - Applications for certificate of registration shall be made in writing, signed and sworn to by the owner or lessee of any aircraft or aircraft engine eligible for registration. The application shall also state: (a) the date and place of filing; (b) the specification, construction and technical description of the aircraft or aircraft engine; and (c) such other information as may be required by the CAAP in such manner and form as the CAAP may prescribe by regulation.

SEC. 46. Issuance of Certificate of Registration. - Should the Director General, upon considering the application for registration, find the aircraft or aircraft engine eligible for registration, such aircraft shall be registered under the provisions of this Act and the owner thereof shall be issued a certificate of registration.

SEC. 47. Nationality. - An aircraft shall acquire Philippine nationality when registered pursuant to this Act.

SEC. 48. Revocation. - Any certificate of registration may be revoked by the CAAP for any cause which renders the aircraft ineligible for registration.

SEC. 49. Conveyance to be Recorded. - No conveyance made or executed, which affects the title to, or interest in, any aircraft of Philippine registry, or any portion thereof shall be valid in respect to such aircraft or portion thereof against any person other than the person by whom the conveyance is made or executed, his heirs, assignees, executors, administrators, devisees, or successors in interest, and any person having actual notice thereof, until such conveyance is recorded in the CAAP. Every such conveyance so recorded shall be valid as against all persons. Any instrument, recording of which is required by the provisions of this Act, shall take

effect from the date of its record in the books of the CAAP, and not from the date of its execution.

SEC. 50. Form of Conveyance. - No conveyance may be recorded under the provisions of this Act unless it complies with the requirements for the registration of documents similar to the land registration process. The conveyance to be recorded shall also state: (a) the interest in the aircraft of the person by whom such conveyance is made or executed or, in the case of a contract of conditional sale, the interest of the vendor; and (b) the interest transferred by the conveyance.

SEC. 51. Establishment of System of Recording. - The CAAP shall establish a national system for recording documents that affect the title to or any interest in any aircraft registered in accordance with this Act and in any aircraft engine, propeller, appliance or spare parts intended for use on any such aircraft.

SEC. 52. Method of Recording. - The CAAP shall record conveyances delivered to it in the order of their receipt, in files kept for that purpose, indexed to show:

- (a) The identifying description of the aircraft;
- (b) The names of the parties to the conveyance;
- (c) The date of the instrument and the date and time it is recorded;
- (d) The interest in the aircraft transferred by the conveyance;
- (e) If such conveyance is made as security for indebtedness, the amount and date of maturity of such indebtedness; and
- (f) All particular estates, mortgages, liens, leases, orders and other encumbrances and all decrees, instruments, attachments or entries affecting aircraft and other matters properly determined under this Act.

SEC. 53. Validity Before Filing. - Upon the establishment of a recording system in accordance with the provisions of this Act, no document affecting the title to or any interest in such registered aircraft, aircraft engines, propellers, appliances, or spare parts shall be valid except as between the parties thereto, unless the document is registered in such recording system.

SEC. 54. Previously Unrecorded Ownership. - Applications for the issuance or renewal of an airworthiness certificate for aircraft whose ownership has not been recorded as provided in this Act shall contain such information with respect to the ownership of the aircraft as the Director General shall deem necessary to show who have property interests in such aircraft and the nature and extent of such interest.

CHAPTER IX AVIATION SAFETY POWERS AND FUNCTIONS

"SEC. 55. General Powers and Functions. - (a) Promoting Safety - The Director General shall have the power and duty to promote safety of flight of civil aircraft in civil aviation by prescribing and revising from time to time as necessary:

(1) Reasonable rules and regulations implementing, at minimum, all standards of the Annexes to the Chicago Convention; and

(2) Such other reasonable rules, regulations, or minimum standards governing other practices, methods, and procedures as the Director General may find necessary to provide adequately for safety in civil aviation.

(3) Considerations in the Regulation of Air Operators - In prescribing standards, rules and regulations, and in issuing certificates under this Act, the Director General shall take into consideration the obligation of air operators to perform their services with the highest possible degree of safety pursuant to public interest."

SEC. 56. Form of Applications. - Applications for certificates issued by virtue of this chapter shall be in such form, contain such information, and be filed and served in such manner as the CAAP may prescribe and shall be under oath or affirmation whenever the CAAP so requires.

A. Certification of Airmen

SEC. 57. Authority to Certificate Airmen. - The Director General is authorized to issue airmen certificates specifying the capacity in which the holders thereof are authorized to serve as airman in connection with an aircraft.

"SEC. 58. Application and Issuance. - Any individual may file with the Director General an application for an airman certificate. If the Director General finds, after due investigation, that such individual possesses the proper qualifications for, and is physically able to, perform the duties pertaining to the position for which the airman certificate is sought, the Director General shall issue such certificate. THE DIRECTOR GENERAL MAY, IN LIEU OF SUCH A FINDING, CONSIDER PRIOR ISSUANCE OF AN AIRMAN LICENCE OR CERTIFICATE BY A FOREIGN COUNTRY THAT IS A MEMBER OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION AS SATISFACTORY EVIDENCE, IN WHOLE OR IN PART, THAT THE AIRMAN POSSESSES THE QUALIFICATIONS AND PHYSICAL ABILITY TO PERFORM THE DUTIES PERTAINING TO THE POSITION FOR WHICH THE AIRMAN LICENCE OR CERTIFICATE IS SOUGHT; PROVIDED, THAT THE DIRECTOR MAY PROHIBIT OR RESTRICT, IN SUCH MANNER AS THE DIRECTOR SHALL DEEM APPROPRIATE, THE ISSUANCE OF AIRMAN LICENCES OR CERTIFICATES TO CITIZENS OF FOREIGN COUNTRIES."

SEC. 59. Terms and Conditions. - The airman certificate shall contain such terms, conditions and tests of physical fitness, and other matters as may be necessary to assure safety in civil aviation.

SEC. 60. Contents. - Each airman certificate shall:

- (a) Be numbered and recorded by the CAAP;
- (b) State the name and address of, and contain a description of the individual to whom the airman certificate is issued; and
- (c) Be titled with the designation of the airman and its authorized privileges.

B. Airworthiness Certificate

SEC. 61. Authority to Issue Airworthiness Certificates. - The owner of any aircraft registered in accordance with this Act may file with the Director General an application for an airworthiness certificate for such aircraft.

SEC. 62. Issuance. - If it is found that the aircraft conforms to the appropriate type of certificate and, after inspection, finds that the aircraft is in a condition allowing for safe operation, an airworthiness certificate shall be issued by the Director General.

SEC. 63. Terms and Conditions. - The Director General shall prescribe in the airworthiness certificate the duration of such certificate, the types of service for which the aircraft may be used, and such other terms, conditions, limitations and information as are required in the interest of safety. Each airworthiness certificate issued by the Director General shall be recorded by it.

SEC. 64. Airworthiness Approvals. - The Director General may prescribe the terms under which additional airworthiness approvals, for purposes of modification, may be made.

C. Air Operator Certificate

SEC. 65. Authority to Certificate Carriers and Establish Safety Standards. - The Director General is authorized to issue air operator certificates and to establish minimum safety standards for the operation of the air carrier to which any such certificate is issued.

"SEC. 66. Application and Issuance. - Any air carrier who is a citizen of the Philippines may file with the Director General an application for an air operator certificate. If the Director General finds, after thorough investigation, that such air carrier is properly and adequately equipped and has demonstrated the ability to conduct a safe operation in accordance with the requirements of this Act and the rules, regulations and standards issued pursuant thereto, the Director General shall issue an air operator certificate to such air carrier: Provided, [however,] That in no event shall A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY (CPCN) BE ISSUED to an air carrier that does not possess a valid AIR OPERATOR certificate issued pursuant to this Act and its implementing rules."

NO APPLICATION FOR AN AIR OPERATOR CERTIFICATE SHALL BE PROCESSED WITHOUT THE AIR CARRIER FIRST OBTAINING A LEGISLATIVE FRANCHISE FROM CONGRESS. THOSE PRESENTLY OPERATING SHALL HAVE

ONE (1) YEAR FROM THE DATE OF EFFECTIVITY OF THIS ACT DURING WHICH THEY MUST SECURE A LEGISLATIVE FRANCHISE OTHERWISE THEIR OPERATIONS SHALL BE DEEMED ILLEGAL.

D. Aviation Schools and Approved Maintenance Organizations

SEC. 67. Examination and Rating. - The Director General is authorized to provide for the examination and rating of:

(a) The adequacy of the course of instruction, the suitability and airworthiness of the equipment and the competency of the instructors of civilian schools providing instruction in flying or in the repair, alteration, maintenance, and overhaul of aircraft, aircraft engines, propellers and appliances; and

(b) The adequacy and suitability of the equipment, facilities and materials for, and methods of, repair and overhaul, and the competency of those engaged in the work or giving any instruction in accredited maintenance organizations or shops engaged in the repair, alteration, maintenance and overhaul of aircraft engines, propellers and appliances.

SEC. 68. Air Navigation Facility Safety Standards. - (a) Minimum Safety Standards - The Director General shall have the power to prescribe and revise, from time to time as necessary, minimum safety standards for the operation of air navigation facilities located in the Philippines.

(b) Certification of Airports -

(1) The Director General is empowered to issue airport certificates to, and to establish minimum safety standards for the operation of, airports that serve any scheduled or unscheduled passenger operations of air operator or foreign air operator aircraft.

(2) Any person desiring to operate an airport that is described in this section and that is required by the Director General, by rule, to be certified may file with the Director General an application for an airport operating certificate. If the Director General finds, after investigation, that such person is properly and adequately equipped and able to conduct a safe operation in accordance with the requirements of this Act and the rules and regulations, and standards prescribed thereunder, the Director General shall issue an airport operating certificate to such person. Each airport operating certificate shall prescribe such terms, conditions and limitations as are reasonably necessary to assure safety in commercial air transport. Unless the Director General determines that it would be contrary to public interest, such terms, conditions and limitations shall include, but not limited to, terms and conditions, relating to:

(i) The operation and maintenance of adequate safety equipment, including fire-fighting and rescue equipment capable of rapid access to any portion of the airport used for landing, takeoff, or surface maneuvering of aircraft; and

(ii) The condition and maintenance of primary and secondary runways as the Director General determines to be necessary.

SEC. 69. Duties and Operations of Airmen. - It shall be the duty of:

(a) Each air carrier to make or cause to be made, such inspection, maintenance, overhaul and repair of all equipment used in air transport and to ensure that the operations conducted are in accordance with the provisions of this Act and the rules, regulations, directives and orders issued by virtue of this Act;

(b) Each air carrier holding an air operator certificate to ensure that the maintenance of aircraft and operations thereof are conducted in the public interest and in accordance with the requirements of this Act and the rules, regulations, directives and orders issued by virtue of this Act;

(c) Each holder of an airman certificate to observe and comply with the authority and limitations of that certificate, the requirements of this Act and the rules, regulations, directives and orders issued by virtue of this Act;

(d) Every person performing duties in air transportation to observe and comply with the requirements of this Act and the rules, regulations, directives and orders issued by virtue of this Act; and

(e) Every person who offers or accepts shipments, cargo or baggage in air commerce to offer or accept such shipments, cargo or baggage in accordance with the provisions of Annex 18 of the Chicago Convention and the ICAO Technical Instructions for the Safe Transport of Dangerous Goods by Air.

SEC. 70. Authority to Inspect. - (a) Authority to Inspect Equipment - The Director General shall have the power and duty to:

(1) Make such inspections of aircraft, aircraft engines, propellers and appliances used by an operator of civil aircraft as may be necessary to determine that the operators are maintaining the safe condition for the operation in which they are used; and

(2) Advise each operator in the inspection and maintenance of these items.

(b) Unsafe Aircraft, Engines, Propellers and Appliances - When the Director General finds that any aircraft, aircraft engine, propeller or appliance, used or intended to be used by any operator in civil aviation, is not in a condition for safe operation, the Director General shall notify the operator. Such aircraft, aircraft engine, propeller or appliance then shall not be used in civil aviation or in such manner also to endanger civil aviation, unless found by the Director General to be in a condition for safe operation.

SEC. 71. Amendment, Modifications, Suspension and Revocation of Certificates. - (a) Re-inspection and Reexamination - The Director General may, from time to time, for any reason, reinspect or reexamine any civil aircraft, aircraft engine, propeller, appliance, air operator, school, with approved maintenance organization, or any civil airman holding a certificate issued under this Act.

(b) Actions of the Director General - If, as a result of any such re-inspection or reexamination, or if, as a result of any other investigation made by the Director

General, the Director General determines that safety in civil aviation or commercial air transport and the public interest requires, the Director General may issue an order amending, modifying, suspending or revoking, in whole or in part, any airworthiness certificate, airman certificate, air operator certificate or certificate for any airport, school, or approved maintenance organization issued under this Act.

(c) Notice to Certificate Holders and Opportunity to Answer - Prior to amending, modifying, suspending or revoking any of the foregoing certificates, the Director General shall advise the holder thereof as to any charge or reason relied upon by the Director General for the proposed action and, except in cases of emergency, shall provide the holder of such certificate opportunity to answer any charges and be heard as to why such certificate should not be amended, modified, suspended or revoked.

(d) Appeals - Any person whose certificate is affected by such an order of the Director General under this section may file his motion for reconsideration within five (5) days from receipt thereof and in case of denial shall, within ten (10) days, file his appeal to the Board.

(e) Effectiveness of Orders Pending Appeal - The filing of motion for reconsideration or appeal as provided for under this Act shall not stay the effectiveness of the Director General's order except through an injunctive relief duly issued by a court of competent jurisdiction.

"SEC. 72. Prohibitions. - (a) It shall be unlawful for any person to:

(1) Operate in civil aviation any civil aircraft which there is not currently in effect a certificate of airworthiness and registration, or in violation of the terms of any such certificate and operation of the aircraft in a careless and reckless manner and operation of aircraft in contravention of its approved operating limitations and manual;

(2) Serve in any capacity as an airman in connection with any civil aircraft, aircraft engine, propeller or appliance used or intended for use in civil aviation without an airman certificate authorizing that person to serve in such capacity, or in violation of any term, condition or limitation of his certificate, or in violation of any order, rule or regulation issued under this Act;

(3) Employ for service, in connection with any civil aircraft used in civil aviation, an airman who does not have an airman certificate authorizing that person to serve in the capacity for which the person is employed;

(4) Operate as an air operator without an air operator certificate or in violation of the terms of any such certificate;

(5) Operate aircraft in civil aviation in violation of any rule, regulation, or certificate issued by the Director General under this Act; and

(6) While holding a certificate issued to a school or approved maintenance organization as provided in this Act, to violate any term, condition or limitation thereof, to violate any order, rule or regulation made under this Act relating to the holder of such certificate.

(7) Considering that the aircraft operation is impressed with public interest, the Director General may prescribe exemptions of the foregoing provisions for foreign aircraft and airmen; PROVIDED, HOWEVER, THAT AN EXEMPTION FROM OBSERVING AIR TRAFFIC REGULATIONS SHALL NOT BE GRANTED."

CHAPTER X OTHER POWERS

SEC. 73. Statutory Lien. - The Director General, after complying with the required legal formalities provided by law, shall have the power to impose lien on aircraft and machinery:

(a) If the charges and other fees are not paid in full on due date or any part of the charges or the late payment penalty thereto remains unpaid; and

(b) Failure to pay administrative fines arising from violation of any rules and regulations promulgated by the CAAP.

SEC. 74. Lien on Personal and Real Properties. - The Director General shall have the power to impose lien on personal and real properties, and other assets of persons, corporations, partnerships, and such other entities that shall be in default, or fail to perform their obligations, or fail to pay the fines and other penalties imposed for violations of the law, rules and regulations of the CAAP.

Properties and assets levied upon may be sold and the proceeds thereof shall be applied to the satisfaction of the obligation after due notice and hearing.

SEC. 75. Police Authority. - The Director General shall have the power to exercise such police authority as may be necessary within the premises of airports under its jurisdiction to carry out its functions and attain its purposes and objectives. The grant of such powers shall be in conformity with the functions exclusively provided by law to be exercised by the Philippine National Police and other concerned government agencies: Provided, That the CAAP may request the assistance of other law enforcement agencies, including request for deputization as may be required. Such police authority shall be exercised in connection with the following:

(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 an airport;

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

(d) Regulation and supervision of private security agencies operating within an airport; and

(e) Enforcement of rules and regulations promulgated by the Board pursuant to the authority granted under this Act.

"SEC. 76. Regulation of Building Heights. - The Board shall have the power to regulate the height of buildings, towers, antennae, and other edifices and objects including plant life, situated within the vicinity of or in close proximity to airports AND AIR NAVIGATION FACILITIES estimated to endanger the flight of aircrafts. It shall also have the power to prohibit or regulate the establishment and operations of electrical, electronics, sound, magnetic, laser, or other electronic gadgets, equipment or installations OR THE POSITIONING OF AN AIRCRAFT, VEHICLE OR OTHER MOBILE OBJECT which will tend to interfere with or impair air navigation in accordance with the international standards and recommended practices on airports AND AERONAUTICAL TELECOMMUNICATIONS, as recommended by the ICAO."

"SEC. 76-A. AIRSPACE CONTROL AND FACILITIES. - TO ENCOURAGE AND FOSTER THE SAFE DEVELOPMENT OF CIVIL AVIATION, THE BOARD SHALL HAVE THE AUTHORITY TO DEVELOP, PLAN FOR, AND FORMULATE POLICY WITH RESPECT TO THE USE OF THE NAVIGABLE AIRSPACE OF THE PHILIPPINES; PROVIDED, THAT THE BOARD MAY ASSIGN BY RULE, REGULATION, OR ORDER, THE USE OF THE NAVIGABLE AIRSPACE UNDER SUCH TERMS, CONDITIONS, AND LIMITATIONS AS THE BOARD MAY FIND NECESSARY TO INSURE THE SAFETY OF AIRCRAFTS AND THE EFFICIENT UTILIZATION OF SUCH AIRSPACE; PROVIDED, FURTHER, THAT THE AUTHORITY OF THE BOARD UNDER THIS SECTION SHALL BE EXERCISED ONLY IN THAT AIRSPACE FOR WHICH AIR TRAFFIC CONTROL RESPONSIBILITY HAS NOT BEEN ASSIGNED TO A FOREIGN COUNTRY BY INTERNATIONAL AGREEMENT OR OTHER ARRANGEMENT."

"SEC 76-B. BUILDING PERMIT SUBJECT TO THE PRIOR APPROVAL OF THE BOARD. - NO BUILDING PERMIT OR OTHER LICENSE, OR AUTHORITY OF ANY KIND OR NATURE, GRANTED BY LOCAL AUTHORITIES WITH RESPECT TO BUILDINGS AND INSTALLATIONS COVERED BY THE NEXT PRECEDING SECTION, OR FOR ANY OTHER ACTIVITY THAT MAY ENDANGER THE SAFETY OF NAVIGATION OR FLIGHT, SHALL BE VALID WITHOUT THE PRIOR APPROVAL OF THE BOARD. SHOULD ANY CONFLICT ARISE BETWEEN THE BOARD AND THE LOCAL GOVERNMENT UNITS CONCERNED ON MATTERS AFFECTING THE SAFETY OF NAVIGATION AS CITED ABOVE, OR OTHER MATTERS WITHIN THE JURISDICTION OF THE BOARD, THE DECISION OF THE BOARD SHALL PREVAIL.

FOR THIS PURPOSE, THE BOARD MAY CALL UPON ANY LAW ENFORCEMENT AGENCY, OR OTHER INSTRUMENTALITY OF THE AND REGULATIONS, WHICH MAY INCLUDE THE REMOVAL OF THE OBSTRUCTIONS TO THE SAFETY OF FLIGHT, INCLUDING THE SEIZURE OF MOVABLE OR PERSONAL PROPERTIES THAT MAY CAUSE DANGER TO THE SAFETY OF NAVIGATION OR FLIGHT; PROVIDED, THAT THE BOARD SHALL NOT BE LIABLE FOR THE DAMAGES CAUSED BY THE REMOVAL. ANY COSTS INCURRED BY THE CAAP

IN TAKING SUCH ACTION SHALL BE BORNE BY THE PERSON CAUSING THE OBSTRUCTION.

"SEC. 76-C. COORDINATION WITH LOCAL GOVERNMENT UNITS. - NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE CAAP SHALL EXERCISE [ADMINISTRATIVE AND - delete and transfer to PADC admin supervision of aerodromes landside and airside] REGULATORY POWER OVER LAND, BUILDINGS, INSTALLATIONS AND APPURTENANCES THERETO, INCLUDING THE CONSTRUCTION OF BUILDINGS, ROADS, TOWERS, WITHIN THE TERRITORIAL AREAS, THE AIRSPACE ABOVE THE ZONES, INCLUDING THE NAVIGABLE AIR SPACES, IN COORDINATION WITH LOCAL GOVERNMENT UNITS CONCERNED."

SEC. 76-D REGULATION OF LAND USE AROUND AERODROMES AND AIR NAVIGATION FACILITIES

IN ADDITION TO THE POWERS OF CAAP TO REGULATE THE HEIGHT OF BUILDINGS, CAAP SHALL LIKEWISE HAVE THE AUTHORITY TO REGULATE LAND USE AND DEVELOPMENT AROUND AREAS OF AERODROMES AND AIR NAVIGATION FACILITIES IN ACCORDANCE WITH THE STANDARDS SET BY ICAO. IN THIS REGARD, CAAP SHALL ISSUE THE APPROPRIATE CLEARANCES AND/OR PERMITS TO ANY DEVELOPMENT WITHIN THE DECLARED AREA OF RESPONSIBILITY.

SEC. 77. Authority Respecting the Transportation of Dangerous Goods by Air. - The Director General shall monitor and enforce compliance of the rules and regulations concerning the carriage of goods by air in relation to Annex 18 of the Chicago Convention and the ICAO Technical Instructions for the Safe Transport of Dangerous Goods by Air.

CHAPTER XI LEGISLATIVE FRANCHISE

Sec. 78. Legislative Franchise. - All airport and aviation operators are required to secure a franchise from the Congress of the Philippines. Entities already operating with an existing franchise shall have one (1) year during which it must renew the same.

Sec. 79. Violation of Legislative Franchise. - Any person holding a legislative franchise which commits a violation of said franchise shall be subject to the review of the Congress of the Philippines, which may amend, modify, revoke or cancel its franchise, whichever is applicable, and without prejudice to the other punishable acts and imposable penalties under this Chapter, if any.

CHAPTER XII PENALTIES

SEC. 80. Power of the CAAP to Investigate Violations. - Correlative to the provisions of Section 36 of this Act, the Director General at his own volition, or at the instance of a private person, or upon the initiative of the Board, may conduct investigations based

on the procedures that the Board may prescribe and using the Rules of Court as its suppletory guidelines.

SEC. 81. Power to Direct an Immediate Halt to an Offending Practice. - The Director General, after due investigation conducted, may issue a cease and desist order directing an air carrier(s), persons, or entities to immediately cease any practice found to be in violation of the provisions of this Act. Such order shall be without prejudice to the civil or criminal prosecution of persons or individuals found to be involved in practices prohibited under Chapter XI of this Act.

SEC. 82. Penalties. - (a) The Director General, after due notice and hearing, is authorized to impose imprisonment, fines, penalties or any combination thereof, for the following violations of this Act:

(1) Any person who operates any aircraft without the current airworthiness certificate, in violation of my rule, regulation or order issued by the Director General relating to aeronautical safety standards or practices or procedures shall be punished by a fine;

(2) Any person serving in any capacity as an airman in connection with any civil aircraft in violation of the terms, conditions or limitations of any such airman license or certificate, or in excess of the rating of such certificate, shall be punished by a fine; The repetition of this offense shall be sufficient cause for the revocation of the airman's certificate;

(3) Any person who employs in connection with any aircraft used in air commerce an airman who does not have an airman's certificate authorizing him to serve in the capacity for which he is employed shall be punished by a fine as determined by the Director General in the exercise of his reasonable discretion. A repetition of the offense shall be sufficient cause for revocation of such person's certificate authorizing it to engage in air carrier operation;

(4) Any person who was issued by the Director General relating to air carrier operation, aviation school, aircraft maintenance, and other civil aviation regulated activity which are being certificated and regulated by the Director General who have been found to have violated any term, condition or limitation thereof, or violates any order, rule or regulation issued by virtue of this Act relating to the holder of such certificate shall be punished by a fine as determined by the Director General in the exercise of his reasonable discretion. The repetition of this offense shall be sufficient cause for the revocation of such person's certificate.

(5) No person shall interfere, obstruct, hinder, or delay the Director General or any person duly delegated by the Director General, in the performance of his duties pursuant to public interest. A fine, as determined by the Director General in the exercise of his reasonable discretion, shall be imposed upon anyone who:

(i) With intent to interfere in the performance of the duties of the Director General or any person duly delegated by the Director General, shall knowingly or willfully alter, falsify, mutilate any report, accounts, records, books, papers, contracts, agreement and all other documents; or

(ii) Shall knowingly and willfully fail or refuse: (a) to make and/or submit aircraft maintenance or flight logbooks, contracts, manuals, technical reports and all other documents required to be submitted by him for consideration before the Director General or his duly authorized representative; or (b) to keep or preserve records, reports, papers and all other documents required by the Director General or his duly authorized representative; or

(iii) Is guilty of misconduct in the presence of the Director General or his duly authorized representative, or to any member of the Board in the performance of their quasi-judicial and quasi-legislative functions or so near as to obstruct or interrupt the hearing or session or any proceedings before the Director General or any of his duly authorized representative; or shall orally or in writing disrespectfully offend or insult any of the above-named bodies or persons on the occasion of or in the performance of their official duties or during any hearing, session, or investigation held by the Director General or his duly authorized representative; or

(iv) Refuses to be sworn in as a witness or to answer as such when lawfully required to do so: Provided, That the Director General or his duly authorized representative shall, if necessary, be entitled to the assistance of law enforcement officials for the execution of any order to compel a witness to be present or to testify; or

(v) Neglects or refuses to attend and/or testify and/or to answer any lawful inquiry or to produce books, papers or documents, if in his power to do so, in obedience to the subpoena or lawful requirement of the Director General or his duly authorized representative; or

(vi) Testifies falsely or makes false affidavits or both before the Director General or his duly authorized representative.

The following penalties may only be imposed by a court of competent jurisdiction after the filing of a proper criminal complaint and a finding of guilt:

(1) Any person who operates any aircraft without a valid or current license or ratings or in violation of rule, regulation or order issued by the Director General relating to aeronautical safety standards or practices or procedures shall be punished by imprisonment or a fine, or both, at the discretion of the court;

(2) Any person who knowingly and willfully forges, counterfeits, alters or falsifies any certificate or aviation certificate authorized to be issued pursuant to the provisions of this Act, or knowingly uses or attempts to use any such fraudulent certificate or aviation certificate, and any person who knowingly and willfully displays or causes to be displayed on any aircraft any marks that are false or misleading as to the nationality or registration of the aircraft shall be punished by imprisonment or a fine, or both, as determined by the court;

(3) Any person who shall use for flight operation an unregistered aircraft or engaged in the operation of aviation school, aircraft maintenance facilities, aircraft material distributorship, air carrier operations or any other civil aviation regulated activities

without the required air agency certificate issued by the Director General shall be punished by imprisonment or a fine, or both, as determined by the court;

(4) Any person found guilty of violating the conditions attendant to the issuance of the airworthiness certificate of the aircraft shall be subjected to imprisonment or a fine, or both, as determined by the court;

(5) Any person who destroys or seriously damages the facilities of an airport or disrupts the services of an airport shall be subjected to imprisonment or a fine, or both, as determined by the court; and

(6) No person shall interfere with air navigation. An imprisonment or a fine, or both, as determined by the court, shall be imposed upon any person who:

(i) With intent to interfere with air navigation within the Philippines, exhibits within the Philippines any light or signal at such place or in such manner that it is likely to be mistaken for a true light or signal established pursuant to this Act or for a true light or signal in connection with an airport or other air navigation facility; or

(ii) After due warning by the Director General, of his duly authorized representative, continues to maintain any misleading light or signal; or

(iii) Knowingly removes, extinguishes, or interferes with the operation of any true light or signal;

(7) Any person who destroys or damages air navigation facilities or interferes with their operation shall be subjected to imprisonment or a fine, or both, as determined by the court. If such act endangers the safety of air navigation, the court may impose an increased penalty of or a higher fine [Convention for Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at Montreal, 23 September 1971, Art. 1(d)];

(8) Any person who, whether on board or on the ground, communicates false information to an aircraft and thereby endangering the safety of an aircraft in flight shall be subjected to or a fine, or both, as determined by the court. [Convention for Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at Montreal, 23 September 1971, Art. 1(e)];

(9) Any person who, while on board an aircraft, interferes with a crewmember's or flight attendant's performance of their duties, assaults, intimidates, or threatens any crewmember or flight attendant, shall be subjected to or a fine, or both, as determined by the court;

(10) Any person who, while on board or while attempting to board, any aircraft in or intended for operation in commercial air transport, has, on or about his person or his property, a concealed deadly or dangerous weapon which is, or would be accessible to such person in flight, or any person who has on or about his person, or who has placed, or attempted to place aboard such aircraft any bomb or similar explosive or incendiary device, shall be subjected to imprisonment or a fine, or both, as determined by the court.

This subsection shall not apply to persons duly authorized by the Director General to carry deadly or dangerous weapons in commercial air transport nor shall it apply to other persons transporting weapons contained in baggage that is not accessible to passengers in flight if the presence of such weapons has been declared to the air carrier and duly approved by the proper authority;

(11) Any person who imparts or conveys or causes to be imparted or conveyed false information, knowing the information to be false, concerning an attempt or alleged attempt being made or to be made to do an act which would be a crime prohibited by clauses (8), (9) and (10) of this section, shall be subjected to imprisonment or a fine, or both, as determined by the court. [Convention for Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at Montreal, 23 September 1971, Art. 1(e)];

(12) Any person who, while on board an aircraft, commits any other act not otherwise expressly covered under clauses (8), (9), (10) and (11) above which jeopardizes the safety of the aircraft or of persons or property therein, or which jeopardizes good order and discipline on board such aircraft shall be subjected to or a fine, or both, as determined by the court. [Convention on Offenses and Certain Other Acts Committed on Board Aircraft, signed at Tokyo, 14 September 1963, Art. 1(b)];

(13) Any person who knowingly and without authority removes, conceals or withholds any part of an aircraft involved in an aircraft accident or any property on board such aircraft at the time of the aircraft accident shall be subjected to imprisonment or a fine, or both, as determined by the court: and

(14) Any person who willfully delivers or causes to be delivered to an air carrier for air transport, or if that person recklessly causes the transportation in air transport, of any shipment, cargo, baggage or other property in violation of the provisions of Annex 18 of the Chicago Convention and the ICAO Technical Instruction for the Safe Transport of Dangerous Goods by Air, or the corresponding rules and regulations issued by the CAAP shall be subjected to or a fine, or both, as determined by the court.

The provisions of paragraph (b), clauses (9), (10), (11) and (12) above shall apply to any aircraft located within the special jurisdiction of the Philippines. Exercise by the Director General of the powers granted to him under paragraph (a) above shall not be a bar to a subsequent criminal prosecution in court for the same act pursuant to the provision of paragraph (b).

SEC. 84. General Penalty. - Any violation of the provisions of this Act, or any order, rule or regulation issued thereunder, or any term, condition or limitation of any certificate or license issued under this Act for which no penalty is expressly provided shall be punished by a fine for each violation.

SEC. 85. Penalty Considerations. - In determining the amount of any such penalty, the Director General shall take into account the nature, circumstances, extent and gravity of the violation and, with respect to the person found to have committed the violation, the degree of culpability, history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

"SEC. 86. Civil Penalties. - THE RANGE, AMOUNTS, OR SEVERITY OF THE IMPRISONMENT, FINES, OR PENALTIES TO BE IMPOSED SHALL BE ESTABLISHED IN THE IMPLEMENTING RULES AND REGULATIONS, WHICH MAY BE CHANGED BY CAAP FROM TIME TO TIME, AS MAY BE NECESSARY.

CHAPTER XIII TRANSITORY PROVISIONS

"SEC. 87. Abolition of the CAB - THE CAB CREATED BY R.A. 776 IS HEREBY ABOLISHED,

All powers, duties and rights vested by law and exercised by the CAB, is hereby transferred to the CAAP.

All assets, real and personal properties, funds and revenues owned by or vested in the different offices of THE CAB are transferred to the CAAP. All contracts, records and documents relating to the operations of the CAB and its offices and branches are likewise transferred to the CAAP. Any real property owned by the national government or government-owned corporation or authority which is being used and utilized as office or facility by the CAB shall be transferred and titled in favor of the CAAP, FREE FROM ANY PRE-EXISTING LIABILITIES OR DEBTS AT THE TIME OF ITS ACQUISITION OR PROCUREMENT BY THE AFFECTED GOVERNMENT OFFICES/ENTITIES WITHOUT INFRINGING VESTED RIGHTS."

"SEC. 87-A. TRANSFER OF THE CAB POWERS AND FUNCTIONS TO THE CAAP. - WITHIN SIX (6) MONTHS FROM THE EFFECTIVITY OF THIS ACT, THE DIRECTOR-GENERAL SHALL ORGANIZE AN OFFICE WITHIN THE CAAP WHICH SHALL ABSORB AND DISCHARGE THE RESIDUAL POWERS, FUNCTIONS AND RESPONSIBILITIES OF THE CAB, AND APPOINT ITS HEAD OF OFFICE, WHO SHALL BE DIRECTLY RESPONSIBLE TO THE DIRECTOR GENERAL FOR THE ADMINISTRATION, CONTROL AND SUPERVISION OF THE CAB STAFF.

IN THE INTERIM PERIOD, THE CAB SHALL CONTINUE TO FUNCTION AND PERFORM ITS POWERS AND DUTIES. ANY VACANCY THAT MAY EXIST IN THE INTERIM SHALL BE FILLED UP BY THE DIRECTOR GENERAL, WITH THE APPROVAL OF THE BOARD OF DIRECTORS. WITHIN THIS PERIOD, THE CAAP, IN COORDINATION WITH THE CAB, SHALL PLAN FOR, AND IMPLEMENT THE FURTHER DEREGULATION, DEVOLUTION AND LIBERALIZATION OF THE AVIATION INDUSTRY."

"SEC. 88. Transfer of Personnel of CIVIL AERONAUTICS BOARD. - TO ENSURE A SMOOTH TRANSITION OF THE CAB INTO THE CAAP, THE INCUMBENT EXECUTIVE DIRECTOR OF THE CAB AND ALL PRESENT PERSONNEL THEREOF SHALL CONTINUE TO HOLD OFFICE UNTIL THE OFFICE UNDER SECTION 85-A HAS BEEN ORGANIZED AND THEIR SUCCESSORS SHALL HAVE BEEN APPOINTED AND INDUCTED IN ACCORDANCE WITH THIS ACT. PREFERENCE SHALL BE GIVEN TO PRESENT PERSONNEL OF CAB IN THE FILLING-UP OF POSITIONS CREATED UNDER THE SAID OFFICE. However, affected officials and personnel, with appointments attested by the Civil Service

Commission, whether hired on a permanent or temporary basis, who would opt to retire or to be separated from the service, and those hired on a casual or contractual basis, if qualified, shall be given the option to avail themselves of any of the following, whichever is beneficial to them:

(a) Retirement gratuity provided under Republic Act No. 1616, as amended, plus the refund of retirement premiums payable by the Government Service Insurance System (GSIS), without the incentive herein provided;

(b) Retirement benefit under Republic Act No. 660 or applicable retirement, separation or unemployment benefit provided under Republic Act No. 8291, if qualified, plus the following applicable incentives:

(1) One half (1/2) month of the present basic salary for every year of government service and a fraction thereof, for those who have rendered twenty (20) years of service and below;

(2) Three-fourth (3/4) month of the present basic salary for every year of government service and a fraction thereof, computed starting from the 1st year, for those who have rendered twenty-one (21) to thirty (30) years of service; and

(3) One (1) month of the present basic salary for every year of government service and a fraction thereof, computed starting from the last year, for those who have rendered thirty-one (31) years of service and above: Provided, That the GSIS shall pay, on the day of separation, the retirement/separation/unemployment benefits to which an affected employee may be entitled to under Republic Act No. 660 or Republic Act No. 8291 and whenever there is an option, the one which the affected employee has chosen as the most beneficial to him/her: Provided, further, That for the purpose of complying with the required number of years of service under Republic Act No. 8291, the portability scheme under Republic Act No. 7699 may be applied, subject to existing policies and guidelines; and

(c) Those with less than three (3) years of government service may opt to avail of the separation gratuity under Republic Act No. 6656, plus the appropriate incentive provided under paragraph (b) of this section.

No affected employee who opted for retirement/separation shall receive less than an aggregate of Fifty thousand pesos (Php50,000.00) as his retirement/separation"

SEC. 89. Organization of the CAAP. - Any officer/employee who availed the benefits of the foregoing provisions shall not qualify for reemployment to the CAAP within seven (7) years from the date of retirement/resignation.

SEC. 90. Saving Clause. - Unless otherwise provided in this Act, rights or privileges vested or acquired under the provisions of R.A. 94974 AND R.A. 776, as amended, its rules and regulations prior to the effectivity of this Act shall remain in full force and effect.

SEC. 91. Legal Counsel. - The Office of the Government Corporate Counsel shall act as the external legal counsel of the CAAP before any court of law or any quasi-judicial

bodies of the government without prejudice of any deputation or designation that it may issue in favor of the in-house counsel of the CAAP.

SEC. 92. Implementing Rules and Regulations. - The CAAP shall adopt rules and regulations to implement the provisions of this Act within sixty (60) days from the date of its approval.

SEC. 93. Congressional Oversight Committee. - A Congressional Oversight Committee, hereinafter referred to as the "Committee", is hereby constituted in accordance with the provisions of this Act. The Committee shall be composed of the Chairman of the Senate Committee on Public Services and Chairman of the House Committee on Transportation and four (4) additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The Committee shall, among others, in aid of legislation:

- (a) Monitor and ensure the proper implementation of this Act;
- (b) Review the collection performance of the CAAP;
- (c) Review the proper implementation of the programs of the CAAP and the use of its collected fund.

In furtherance of the hereinabove cited objectives, the Committee is empowered to require the CAAP to submit all pertinent information including, but not limited to, its collection performance data and its annual audited financial statements certified by the Commission on Audit.

The Congressional Oversight Committee shall be in existence for a period of five (5) years, and thereafter, its oversight functions shall be exercised by the Senate Committee on Public Services and the House Committee on Transportation acting separately.

SEC. 94. Separability Clause. - If any part or provision of this Act shall be declared unconstitutional, the other parts or provisions hereof which are not affected thereby, shall continue in full force and effect.

SEC. 95. Repealing Clause. - All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly, including provisions of any law, decrees, executive orders, rules and regulations or part thereof which provides exemptions to any air carrier, organization or entity from payment of any Civil Aviation Authority of the Philippines imposed fees and charges, relating to, but not limited to, navigation, communication, concession, license and permit.

SEC. 96. Effectivity. - This Act shall take effect fifteen (15) days after its complete publication in at least newspapers of general circulation.

SEC. 97. Suppletory Application. - The provisions of the Philippine Civil Aviation Regulations and the Aerodrome and Air Navigation Service Regulations promulgated

pursuant to ICAO shall be an integral part of Republic Act 9497, as amended, as well as the additional rules and regulations that may be promulgated under this Act.

SEC. 98. Repealing Clause - All laws, decrees, executive orders, rules and regulations and other issuances or part thereof, which are inconsistent with this Act, are hereby repealed, amended, or modified accordingly.

SEC. 99. Effectivity - This Act shall take fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved.