



Republic of the Philippines
House of Representatives
Quezon City



EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7976

Introduced by REPRESENTATIVE ERIC L. OLIVAREZ

EXPLANATORY NOTE

Air transportation plays a vital role in the country's economy as it fuels the nation's tourism and trade. The importance of tourism and trade cannot be stressed enough as these two boost the economy, create thousands of employment opportunities and facilitate cultural exchange between Filipinos and foreigners.

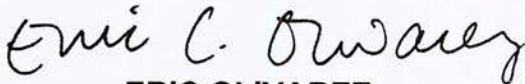
As such, one of the top priorities of the country should be the formulation of measures that shall ensure the acceleration of the development of aviation as a mode of transportation in the country. However, the growth of air transportation relies heavily on the nation's aviation infrastructure.

Currently, there are eighty-five (85) domestic and international airports in the Philippines which, however, are under different operational and supervisory controls. To be specific, domestic airports are under the Civil Aviation Authority of the Philippines (CAAP) while the international airports are governed by specific authorities created by law for the purpose which include the Manila International Airport Authority (MIAA), the Clark International Airport Corporation (CIAC), and the Mactan-Cebu International Airport Authority (MCIAA). In effect, the differences between the operational and supervisory controls of the airports in the Philippines have resulted to

conflicting policies and programs among the airports in the Philippines concerning airport maintenance, operations, and development leaving overall airport management in the country with so much room for improvement.

In order to bridge the gap between these conflicting policies and further endeavoring to meet international standards of airport accommodation and services, this Bill proposes a unified approach in the operations of both domestic and international airports which shall be executed by one Philippine airports authority. Through the creation of a separate autonomous regulatory body which shall be the Philippine Airports Authority (PAA), the formulation of comprehensive and integrated policies and programs for all domestic and international airport terminals in the country shall be prioritized in order to be able to comply with international standards of airport services and overall improve and upgrade the present circumstances of the airports in the country today.

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


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1
2 **AN ACT CREATING THE PHILIPPINE AIRPORTS AUTHORITY,**
3 **DEFINING ITS POWERS, FUNCTIONS, AND RESPONSIBILITIES, AND**
4 **PROVIDING FUNDS THEREFOR**

5 *Be it enacted in the Senate and the House of Representatives of the*
6 *Republic of the Philippines in Congress assembled:*
7

8 **SECTION 1. Short Title.** – This Act shall be known as the “Philippine
9 Airports Authority Act”.

10 **SECTION 2. Definition of Terms.** – The following terms shall be
11 defined here in as:

12 a. “*Authority*” shall refer to the Philippine Airports Authority;

13 b. “*Aircraft*” shall refer to any machine that can derive support in the
14 atmosphere from the reactions of the air other than the reactions of the
15 air against the earth’s surface. The term, when used in this Act, does
16 not include State or public aircraft;

- 1 c. "*Airport*" shall refer to a defined area on land or water including
2 building, installation, facilities, and equipment intended to be used
3 either wholly or in part for the arrival, departure, and surface movement
4 of an aircraft. The term, when used in this Act, shall include all
5 domestic and international airports in the country;
- 6 d. "*Board*" shall refer to the Board of Directors of the Authority;
- 7 e. "*CAAP*" shall refer to the Civil Aviation Authority of the Philippines;
- 8 f. "*Corporation Code*" refers to Republic Act No. 11232, otherwise known
9 as "An Act Providing for the Revised Corporation Code of the
10 Philippines.

11 **SECTION 3. *Creation of the Philippine Airports Authority.*** – There is
12 hereby established a body corporate to be known as the Philippine Airports
13 Authority which shall be under the Department of Transportation.

14 **SECTION 4. *Purposes and Objectives.*** – The Authority shall have
15 the following purposes and objectives:

- 16 a. To promote domestic and international air traffic in the Philippines
17 as a means of accelerating the development of aviation as a mode
18 of transportation in the country, and as well as making the
19 Philippines a center of international trade and tourism;
- 20 b. To formulate and adopt for application in all domestic and
21 international airport terminals in the country, internationally
22 acceptable standards of airport accommodation and service; and
- 23 c. To upgrade and provide safe, efficient, and reliable airport facilities
24 for domestic and international air travel.

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

- 27 a. To formulate, in coordination with the CAAP, independent airport
28 authorities and other appropriate government agencies, a

1 comprehensive and integrated policy and program for all domestic
2 and international airport terminals in the country, and to implement,
3 review and update such policy and program periodically;

4 b. To control, supervise, construct, maintain, operate, and provide
5 such facilities and services as shall be necessary for the safe and
6 efficient functioning of all domestic and international airport
7 terminals in the country;

8 c. To promulgate rules and regulations governing the planning,
9 development, maintenance, operation, and improvement of
10 domestic and international airport terminals in the country and to
11 control and/or supervise, as may be necessary, the construction of
12 any structure or the rendition of any service within all domestic and
13 international airport terminals;

14 d. To sue and be sued in its corporate name;

15 e. To adopt and use a corporate seal;

16 f. To succeed by its corporate name;

17 g. To adopt its by-laws and to amend or repeal the same from time to
18 time;

19 h. To execute or enter into contracts of any kind or nature;

20 i. To acquire, purchase, own, administer, lease, mortgage, sell, or
21 otherwise dispose of any land, building, airport facility, or property
22 of whatever kind and nature, whether movable or immovable, or any
23 interest therein;

24 j. To exercise the power of eminent domain in the pursuit of its
25 purposes and objectives;

26 k. To levy, and collect dues, charges, fees or assessments for the use
27 of the airport premises, works, appliances, facilities or concessions

- 1 l. or for any service provided by the Authority, subject to the approval
2 of the Secretary of Transportation in consultation with the Secretary
3 of Finance;
- 4 m. To invest its idle funds, as it may deem proper, in government
5 securities;
- 6 n. To provide services, whether on its own or otherwise, within the
7 airports and the approaches thereof, which shall include, but shall
8 not be limited to:
- 9 1) Aircraft movement and allocation of parking areas of aircraft
10 on the ground;
- 11 2) Loading or unloading of aircraft;
- 12 3) Passenger handling and other services directed towards the
13 care, convenience, and security of passengers, visitors and
14 other airport users; and
- 15 4) Sorting, weighing, measuring, warehousing, or handling of
16 baggage and goods.
- 17 o. To prescribe and revise, from time to time as necessary, minimum
18 safety standards for the operation of airport facilities in the
19 Philippines;
- 20 p. To perform such other acts and transact such other business,
21 directly or indirectly, as may be necessary, incidental or conducive,
22 to the attainment of the purposes and objectives of the Authority,
23 including the adoption of necessary measures to remedy
24 congestion in the airports; and
- 25 q. To exercise all the powers under the Corporation Code, insofar as
26 these are not inconsistent with the provisions of this Act.

27 **SECTION 6. Police Authority.** – The Authority shall have the power
28 to exercise such police authority, as may be necessary within its premises,
29 to carry out its functions and attain its purposes and objectives. The grant of
30 such powers shall be without prejudice to the exercise of functions with the

1 same premises by other concerned government agencies as provided for by
2 law: *Provided*, that the Authority may request the assistance of law
3 enforcement agencies, including request for deputization as may be
4 required. Such police authority shall be exercised in connection with the
5 following:

- 6 a. Maintenance of security to passengers, cargoes, aircraft, airport
7 equipment, structures, facilities, personnel, funds and documents;
- 8 b. Regulating the entry to, exit from, and movement within the airports;
- 9 c. Maintenance of peace and order within the premises of the airports
10 in coordination with local police authorities and other authorized
11 peace-keeping entities within the airports;
- 12 d. Regulation and supervision of private security agencies operating
13 within the airports; and
- 14 e. Enforcement of rules and regulations promulgated by the Authority
15 pursuant to law.

16 **SECTION 7. General Manager.** – The Authority shall be headed by a
17 General Manager as Chief Executive Officer of the Authority. The General
18 Manager shall the following functions, powers and duties:

- 19 a. To direct and supervise the management, operation, and
20 administration of the Authority and its integral units including its
21 buildings, runways, facilities, and equipment, so as to provide
22 international standards of service to airport users and to ensure its
23 financial stability in accordance with the programs, plans, policies,
24 procedures, and guidelines of the Board;
- 25 b. To provide general supervision and overall coordination of all
26 government agencies operating in the airports with respect to the
27 allocation and use of building space and airport premises;
- 28 c. To undertake researches, studies, investigations, and other
29 activities related to the present operations and future development
30 requirements of the airports on his own initiative or upon instruction
31 of the Board, and to submit comprehensive reports, and appropriate
32 recommendations to the Board for its information and action;

- d. To appoint, transfer, suspend, remove, or otherwise discipline any subordinate officer or employee of the Authority, subject to the approval of the Board, and to engage, either on contractual basis or other suitable arrangements, the services of highly qualified professionals, experts, technical advisers or consulting firms and to determine their compensation or fees including other terms and conditions of employment as may be authorized by the Board;
- e. To enter into a memorandum of agreement/understanding, contracts or such other arrangements as may be feasible with such government agencies or private entities operating or providing services to the Authority to ensure proper coordination and integration of all activities in the Authority, subject to the approval of the Board or such laws, rules, and regulations as are applicable in the exercise of such authority;
- f. To establish and maintain a system, in coordination with the appropriate government offices and agencies, for the regular and prompt dissemination of financial, statistical, and other relevant data within the Authority and to the Board;
- g. Within the limits of the authority delegated to him by the Board, to execute contracts, incur obligations, acquire and dispose of assets, and deliver documents, on behalf of the Authority;
- h. To implement and enforce decisions, orders, rules, and regulations issued, prescribed or adopted by the Board; and
- i. To perform such other duties as the Board may delegate or assign and such acts as may be necessary for the proper implementation of this Act.

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

- a. Secretary of the Department of Transportation or his high duly designated representative as Chairman;
- b. General Manager of the Authority as Vice-Chairman;

- c. Representative from the Department of Finance;
- d. Representative from the Department of Tourism;
- e. Representative from the CAAP; and
- f. Four (4) representatives from the private sector.

The private sector representatives shall be appointed by the President of the Philippines for a term of three (3) years. No private sector shall serve more than two (2) consecutive terms.

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

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

SECTION 9. Functions, Powers and Duties of the Board. – The Board shall have the following functions, powers and duties:

- a. To define and approve the programs, plans, policies, procedures, and guidelines of the Authority for the development and operation of the airports within the context of the overall government objectives, and to control the management, operation, and administration of the Authority;
- b. To approve the Authority's organizational and administrative structure, staffing pattern, operating and capital expenditures, and financial budgets prepared in accordance with the corporate plan of the Authority and upon the recommendation of the General Manager;

- c. To appoint a General Manager of the Authority who shall be the Chief Executive Officer of the Authority; and
- d. To perform all functions, exercise all other powers, and fulfill all duties provided for under the Corporation Code, insofar as they are not inconsistent with the provisions of this Act.

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

- a. The suitability of a proposed site in terms of terrain and proximity to population centers;
- b. The projected size of the market to be served by a proposed airport;
- c. The ability of a proposed airport to generate sufficient revenue to cover costs of operation and maintenance;
- d. The availability of funding from both local and foreign sources for the construction of a new airport or expansion of an existing one;
- e. The proximity of other airports to a proposed new airport and the capability of such other airport to handle traffic projected to be handled by the proposed new airport;
- f. The government's public service obligations such as the government's duty to ensure the availability of air transport infrastructure for remote areas far from major population centers that are not otherwise easily accessible by transportation by land or sea;
- g. International Civil Aviation Organization best practices and recommendations concerning the development of airports; and
- h. Such other considerations as the Board, in the exercise of its reasonable discretion, may consider relevant or important.

SECTION 11. *Airport Operation Certification.* – Any person desiring to operate a private airport or air navigation facility may file with the Authority

1 an application for an operating certificate. If the Authority finds after
2 investigation and public hearing that such person is properly and adequately
3 equipped and able to conduct a safe operation in accordance with the
4 requirements of this Act and the rules and regulations, and standards
5 prescribed herein, the Authority shall issue an airport operating certificate to
6 such person.

7 Each airport operating certificate shall prescribe such terms, conditions
8 and limitations as are reasonably necessary to assure safety in air transport.
9 Unless the Authority determines that it would be contrary to public interest,
10 such terms, conditions and limitations, shall include, but not be limited to:

11 a. The operation and maintenance of adequate safety equipment,
12 including firefighting and rescue equipment capable of rapid access
13 to any portion of the airport used for landing, take-off, or surface
14 maneuvering of aircraft; and

15 b. The condition and maintenance of primary and secondary runways.

16 For this purpose, the Authority shall inspect, classify, and rate any air
17 navigation facilities and airports available for the aircraft as to the suitability
18 of such use.

19 **SECTION 12. *Capital.*** – The Authority shall have a capital equal to
20 and consisting of:

21 a. The value of fixed assets (including airport facilities, runways, and
22 equipment) and such other properties, movable and immovable,
23 which may be contributed by the National Government or
24 transferred by it from any of its agencies the valuation of which shall
25 be determined jointly by the Department of Budget and
26 Management and the Commission on Audit on the date of such
27 contribution or transfer after making due allowances for
28 depreciation and other deductions and liabilities of the Authority at
29 the time of the takeover of the assets and other properties;

30 b. The unexpected balances of appropriations in the current General
31 Appropriations Act, and other laws in force upon approval hereof,
32 pertaining to, held or used by, or available to the entities abolished
33 and/or whose powers, duties and responsibilities have been

1 transferred to the Authority under this Act including concerned
2 government agencies;

3 c. Any surplus income that may be derived from or shall accrue to the
4 Authority upon its organization and its assumption of the assets and
5 liabilities of the entities abolished and/or whose powers, duties, and
6 responsibilities have been transferred to the Authority under this Act
7 including concerned government agencies; and

8 d. Such amount as may be appropriated from time to time from the
9 funds of the National Treasury not otherwise appropriated including
10 any outlay from the infrastructure program of the National
11 Government and as may be provided in the annual General
12 Appropriations Act.

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

23
24 **SECTION 14. Auditor.** – The Chairman of the Commission on Audit
25 shall be the ex-officio Auditor of the Authority. For this purpose, he may
26 appoint a representative who shall be the auditor of the Authority, together
27 with the necessary personnel to assist said representative in the
28 performance of his duties. The salary of the auditor and the number of
29 salaries of said personnel shall be determined by the Chairman of the
30 Commission on Audit subject to the rules and regulations of the Commission
31 on Audit. Said salaries and all other expenses of maintaining the Auditor's
32 Office shall be paid by the Authority.

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

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

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

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

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

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

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

1 The President or his duly authorized representative, after consultation
2 with the Secretary of Finance, may guarantee in the name and on behalf of
3 the Republic of the Philippines the payment of the loans or other
4 indebtedness of the Authority up to the amount herein authorized.

5 **SECTION 19. *Increase or Decrease of Rates.*** – The Authority may
6 increase or decrease the rates of the dues, charges, fees, or assessments
7 collectible by the Authority to protect the interest of the Government and
8 provide a satisfactory return on the Authority's assets based on the principle
9 of cost recovery at an aggregate level. The Authority may adjust the schedule
10 of such rates so as to reflect the cost of facilities or services provided or
11 rendered. These dues, charges, fees or assessments may be periodically
12 reviewed by the Authority and shall make such adjustments to the schedule
13 of rates as shall adequately reflect any increase in price levels and (in the
14 case of concession rentals) volume of traffic through the airports subject of
15 the provisions of Batas Pambansa Blg. 325, whenever practicable.

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

22 **SECTION 21. *Fines and Penalties.*** – The Authority shall have the
23 power to exact reasonable administrative fines in such specific amounts and
24 for such specific violations arising out of the use of the airports as shall be
25 prescribed in the rules and regulations which the Authority is authorized to
26 issue for the purpose which amount of fine shall not be less than ONE
27 THOUSAND PESOS (Php1,000.00) nor shall be more than TWENTY
28 THOUSAND PESOS (Php20,000.00).

29 **SECTION 22. *Competitive Tender.*** – The General Manager shall, as
30 far as practicable, grant permits or concessions to trade or to engage in
31 business within the areas controlled by the Authority to the highest bidder
32 after a competitive public bidding. *Provided*, that the bidding requirements
33 may be waived in the case of banks, branches of post office, National
34 Telecommunications Commission (NTC), other government agencies in

1 airline operations, or where the fees, rates or assessments to be charged
2 have been fixed by the Board.

3 The General Manager shall require such permittees or
4 concessionaires to provide goods or services acceptable under international
5 standards and at such prices similar to goods or services in Metropolitan
6 Manila or airports in other countries: *Provided*, that such final awards of
7 permits or concessions to successful bidders shall be subject to the approval
8 of the Board.

9 **SECTION 23. *Tax Exemptions.*** – The Authority shall be exempt from
10 realty taxes imposed by the National Government or any of its political
11 subdivisions, agencies, and instrumentalities: *Provided*, that no tax
12 exemptions herein granted shall extend to any subsidiary which may be
13 organized by the Authority.

14 **SECTION 24. *Transfer of Power and Assets.*** – All powers, duties,
15 and rights vested by law and exercised by the CAAP relating to the control,
16 supervision, construction, maintenance, operation, provision of services, and
17 facilities and the efficient functioning of all domestic and international airports
18 in the country pursuant to Republic Act No. 9497 are hereby transferred to
19 the Authority. All assets, real and personal properties, contracts, records and
20 documents, and funds and revenues owned by or vested in the different
21 offices of CAAP in relation to the powers, duties, and rights herein transferred
22 shall also be transferred to the Authority

23 **SECTION 25. *Projects in Progress.*** – All ongoing projects relating to
24 the construction of airport facilities shall be continued by the agency or
25 agencies involved until completion. Thereafter, such projects shall be
26 transferred to the Authority in accordance with agreement among agencies
27 concerned. Any disagreement relating to such transfer shall be submitted to
28 the President of the Philippines for final decision.

29 **SECTION 26. *Transfer of Liabilities and Debts.*** – Upon the transfer
30 to and acceptance by the Authority of the existing physical facilities,
31 intangible assets, and completed projects referred to in the preceding
32 sections, all debts, liabilities, and obligations of the entities concerned and
33 other government agencies in respect of such physical facilities, tangible

1 assets, and completed projects within the airports shall likewise be assumed
2 by the Authority.

3 **SECTION 27. Appropriations.** – To provide for any extraordinary
4 expenses of the Authority upon its organization, the unavailed portion of the
5 excess of actual operating income over the estimated expenses of the
6 entities abolished and/or whose powers, duties, and responsibilities have
7 been transferred to the Authority under this Act, if any, at the time of the
8 passage of this Act, is hereby appropriated for purposes that the Board may
9 approve. This shall be considered as part of the capital under Section 12
10 hereof.

11 **SECTION 28. Separability Clause.** – If any provision of this Act is
12 declared invalid or unconstitutional, the other provisions not affected
13 thereby shall remain valid and subsisting.

14 **SECTION 29. Repealing Clause.** – All acts, executive orders,
15 memorandum circulars/guidelines and other issuances or parts thereof,
16 which are inconsistent with this Act, are hereby repealed or modified
17 accordingly.

18 **SECTION 30. Effectivity.** – This Act shall take effect fifteen (15) days
19 after its complete publication in the Official Gazette or in at least two (2)
20 newspapers of general circulation.

21 **Approved.**