

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

House Bill No. 10375



Introduced by Rep. Carmelo B. Lazatin II

AN ACT
STRENGTHENING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES,
AMENDING FOR THE PURPOSE REPUBLIC ACT 9497, OTHERWISE KNOWN AS
THE CIVIL AVIATION AUTHORITY ACT OF 2008

Explanatory Note

In January of 2008, the Federal Aviation Administration (FAA) of the United States of America reverted the Philippines to its 1995 air safety rating of Category 2 from Category 1 as its air safety regulations, practices and personnel again fell below the standards of the ICAO. Following a prompt Senate inquiry, Republic Act. No. 9497 or the Civil Aviation Act of 2008 was approved on March 4, 2008. Under the close scrutiny of a Congressional Oversight Committee as provided for in Section 91 of the bill, CAAP was supposed to address the FAA ruling as well as the European Commission decision to ban Philippine carriers from European airspace in 2010.

On April 10, 2014, CAAP was able to have the FAA reinstated a Category 1 rating to the Republic of the Philippines following the agency's determination in March the country met ICAO safety standards.

While this was a welcome development for the country, there seems to be a need to revisit RA 9497 to address issues that have emerged since the authority's inception thirteen years ago. This proposed measure seeks to fully address the still perceived deficiencies in the supervision and management of the Philippine civil aviation industry and to strengthen CAAP as the country's designated civil aviation authority.

The significant amendments being proposed in this bill include:

- Increasing the term of the Director General (DG) to seven (7) years – to allow the DG, as mandated under the CAAP law, to cause the restructuring of the civil aviation system, the promotion, development and regulation of the technical, operational, safety, and aviation security functions attuned to international standards in civil aviation, there is a need to insulate the agency from the constantly changing political climate in the Executive Department as such

mandate would be difficult to achieve under a DG who has no security of tenure and would if he is interrupted by factors other than removal for cause.

- Exemption of CAAP from the Salary Standardization Law (SSL) – owing to the highly technical nature of their job and the stressful conditions air traffic controllers operate under, there has always been a very limited supply of air controllers which is evidenced by several cycles of global shortages of said professionals during the past decades. To allow us to compete in the global market for these rare but critical human capital, the CAAP should be exempted from the SSL to allow it to recruit and retain the proper aviation personnel. The proposed amendments, likewise, seek to make the aviation industry more attractive to professionals by granting CAAP, as lead authority, with a more flexible and less bureaucratic entry process for workers, officials, and aviation technicians and professionals.
- Enhanced fiscal autonomy – in view of the peculiar character of projects relating to regulatory and aviation safety oversight functions, the amendment pertaining to increased fiscal autonomy is intended to minimize difficulties in securing prompt concurrence of budget allocations and expenditures.

There is a dire need for these amendments. The lingering concern over the issue of the ability of the CAAP to implement safety standards affects the government's tourism targets since CAAP plays a key role in promoting tourism as one of the Philippine economy's growth sectors.


Carmelo B. Lazatin II
First District, Pampanga

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Be it enacted by the House of representatives and the Senate of the Philippines in congress assembled:

SECTION 1. Section 2 of Republic Act No. 9497, otherwise known as the Civil Aviation Act of 2008, is hereby amended to read as follows:

“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, aviation security functions under the civil aviation authority **IN FURTHERANCE OF THE OBLIGATION OF THE PHILIPPINES TO THE INTERNATIONAL COMMUNITY AS CONTRACTING STATE TO THE CHICAGO CONVENTION. THE AUTHORITY SHALL COORDINATE WITH OTHER GOVERNMENT AGENCIES IN ADVANCING AVIATION SECURITY IN THE PHILIPPINES.**

TOWARDS THIS END, THE GOVERNMENT SHALL EXTEND ALL MEANS AND MECHANISMS NECESSARY FOR THE AUTHORITY TO FULFILL ITS VITAL TASK OF PROMOTING AND ENSURING SAFE AND EFFICIENT AIR TRANSPORT.

IN VIEW OF THE CRUCIAL ROLE, AND THE NATURE, POWERS AND FUNCTIONS OF THE AUTHORITY, AS A GOVERNMENT INSTRUMENTALITY WITH CORPORATE POWERS, IT SHALL ENJOY FISCAL AND ADMINISTRATIVE AUTONOMY.

1 **IN RECOGNITION OF THE INDISPENSIBLE ROLE OF THE PRIVATE**
2 **SECTOR AS THE MAIN ENGINE FOR NATIONAL GROWTH AND**
3 **DEVELOPMENT, THE AUTHORITY SHALL ENCOURAGE, WHENEVER**
4 **VIALE AND ADVANTAGEOUS TO NATIONAL INTEREST, THE**
5 **PARTICIPATION OF THE PRIVATE SECTOR IN THE PURSUIT OF ITS**
6 **MANDATE”**
7

8 **SECTION 2.** Section 4 of the same Act is hereby amended to read as follows:
9

10 “SEC. 4. Creation of the Authority. - There is hereby created an independent regulatory
11 body with quasi-judicial and quasi- legislative powers and possessing corporate attributes
12 to be known as the Civil Aviation Authority of the Philippines (CAAP), hereinafter
13 referred to as the "Authority" attached to the **Department of Transportation (DOTr)**
14 **SOLELY** for the purpose of policy coordination. For this purpose, the existing Air
15 Transportation Office created under the provisions of Republic Act No. 776, as amended,
16 is hereby abolished.
17

18 **THE AUTHORITY SHALL BE EXEMPTED FROM THE PROVISIONS OF**
19 **REPUBLIC ACT NO. 10149, OTHERWISE KNOWN AS THE GOCC**
20 **GOVERNANCE ACT OF 2011 AND FROM THE JURISDICTION OF THE**
21 **GOVERNANCE COMMISSION FOR GOVERNMENT- OWNED OR**
22 **CONTROLLED CORPORA TION; PROVIDED, HOWEVER, THAT THE**
23 **AUTHORITY SHALL BE REQUIRED TO COMPLY WITH THE DISCLOSURE**
24 **REQUIREMENTS IN SECTION 25 CHAPTER V OF REPUBLIC ACT NO. 10149**
25 **AND MAY BE SUBJECT TO THE SPECIAL AUDIT UPON THE DIRECTIVE**
26 **OF THE COMMISSION ON AUDIT; PROVIDED, FURTHER, THAT NO**
27 **PERFORMANCE INCENTIVE, BONUS, AND ANY KindD OF ADDITIONAL**
28 **BENEFIT NOT PRESCRIBED UNDER THE LAW SHALL BE GRANTED**
29 **UNLESS THE AUTHORHTY HAS FULLY PAID ALL TAXES FOR WHICH IT**
30 **IS LIABLE.**
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33

34 (a) [Establishment of Authority Headed by a] **APPOINTMENT AND TERM OF**
35 **OFFICE** Director General - The Authority shall be headed by a Director General of Civil
36 Aviation, referred to in this Act as the "Director General," who [shall be apfX)inted by
37 the President of the Philippines and] shall be responsible for all **NON-ECONOMIC**
38 **ASPECTS OF** civil aviation in the Philippines and the administration o f this Act.
39 **NOTWITHSTANDING THE PROVISIONS OF REPUBLIC ACT NO. 10149,**
40 [T]the Director General shall be appointed **BY THE PRESIDENT OF THE**
41 **PHILIPPINES** based on the qualifications herein provided and shall have a [tenure]
42 **TERM** of office for a period of [four (4)] **SEVEN (7)** years. His appointment may be
43 extended for another non-extendible term of [four (4)] **SEVEN (7)** years and shall only
44 be removed for cause in accordance with the rules and regulations prescribed by the Civil
45 Service Commission. **IN CASE THE DIRECTOR GENERAL FAILS TO**
46 **COMPLETE HIS TERM, HIS SUCCESSOR SHALL ONLY SERVE FOR THE**

1 **UNEXPIRED PORTION OF THE TERM OF HIS PREDECESSOR NO**
2 **DIRECTOR GENERAL CAN SERVE IN OFFICE FOR MORE THAN [eight (8)]**
3 **FOURTEEN (14) YEARS.**

4
5 **THE PRESIDENT OF THE PHILIPPINES SHALL APPOINT THE DIRECTOR**
6 **GENERAL FROM A SHORTLIST OF THREE NOMINEES PREPARED BY**
7 **THE BOARD OF DIRECTORS CONSTITUTED AS A SEARCH COMMITTEE**
8 **COMPOSED OF FIVE MEMBERS THEREOF WHO SHALL RECEIVE AND**
9 **EVALUATE NOMINATIONS. NO INCUMBENT DIRECTOR GENERAL**
10 **SHALL BE A MEMBER OF THE SEARCH COMMITTEE.**

11
12 xxx”

13
14 **SECTION 3.** Section 5 of the same Act is hereby amended to read as follows:

15
16 “SEC. 5. Composition of the Board Members. — The corporate powers of the Authority
17 shall be vested in a board, which is composed of [seven (7)] **NINE (9)** members:

- 18
19 (a) The Secretary of the Department of Transportation and Communications shall act as
20 chairman ex officio;
21 (b) The Director General of Civil Aviation (DGCA) shall automatically be the vice
22 chairman of the Board;
23 (c) The Secretary of Finance;
24 (d) The Secretary of Foreign Affairs;
25 (e) The Secretary of Justice;
26 (f) The Secretary of the Interior and Local Government; [and]
27 (g) The Secretary of the Department of Labor and Employment;
28 **(h) THE SECRETARY OF THE DEPARTMENT OF TOURISM (PER SECTION**
29 **96 OF REPUBLIC ACT NO. 9593); AND**
30 **(i) THE SECRETARY OF THE DEPARTMENT OF NATIONAL DEFENSE.**

31
32 The Directors listed under subsections (a) to [(g)] (I) shall be ex officio members of the
33 Board of Directors: **PROVIDED THAT, IN THE ABSENCE OF THE CHAIRMAN,**
34 **HE SHALL DESIGNATE AN UNDERSECRETARY OF THE DOTr TO ACT IN**
35 **HIS BEHALF AS CHAIRMAN; PROVIDED FURTHER, THAT THE DIRECTOR**
36 **GENERAL, IN HIS ABSENCE, SHALL DESIGNATE HIS REPRESENTATIVE**
37 **FROM THE AUTHORITY TO ACT AS VICE CHAIRMAN:** Provided, That, in the
38 absence of the Director appointed in subsections (c) to [(g)] (I), the Director concerned
39 shall designate with full power and authority, in writing, an officer in his department or
40 office to act on his **OR HER** behalf as a Director.”

41
42 **SECTION 4.** Section 9 of the same Act is hereby amended to read as follows:

43
44 “SEC. 9. Qualifications of Director General. - No person shall be appointed [or
45 designated] as the Director General unless he is a Filipino citizen, at least thirty-five (35)
46 years of age, of good moral character, unquestionable integrity, recognized competence

1 and a degree holder with at least five (5) years supervisory or management experience in
2 the field of aviation.”
3

4 **SECTION 5.** Section 12 of the same Act is hereby amended to read as follows:
5

6 “SEC. 12. Personnel. - [Qualified existing personnel of the Air Transportation Office
7 (ATO) shall be given preference in the filling up of plantilla positions created in the
8 Authority, subject to existing civil service rules and regulations.]
9

10 **THE DIRECTOR GENERAL SHALL EXERCISE APPOINTING AND**
11 **DISCIPLINING POWERS OVER ALL PERSONNEL OF THE AUTHORITY.**
12

13 **CONSIDERING THE HIGHLY TECHNICAL CHARACTER AND NATURE OF**
14 **THE FUNCTIONS OF THE AUTHORITY, ITS PERSONNEL SHALL BE**
15 **EXEMPTED FROM THE REQUIREMENTS PRESCRIBED UNDER THE**
16 **RULES GOVERNING THE CAREER EXECUTIVE SERVICE. ALL LAWS,**
17 **RULES, AND REGULATIONS, GOVERNING POSITIONS, CLASSIFICATIONS**
18 **AND QUALIFICATION STANDARDS INCLUDING, BUT NOT LIMITED TO,**
19 **PRESIDENTIAL DECREE NO. 985, REPUBLIC ACT NO. 6758, AS**
20 **AMENDED, JOINT RESOLUTION NO. 4 (2009 OF THE PHILIPPINE**
21 **CONGRESS) AND REPUBLIC ACT NO. 10149.”**
22

23 **SECTION 6.** Section 15 of the same Act is hereby amended to read as follows:
24

25 “SEC. 15. Fiscal Autonomy. — The Authority shall enjoy fiscal autonomy. All moneys
26 earned by the Authority from the collection/levy of any and all such fees, charges, dues,
27 assessments and fines it is empowered to collect/levy under this Act shall be used solely
28 to fund the operations of the Authority.
29

30 **THE AUTHORITY SHALL LIKEWISE BE EXEMPTED FROM THE**
31 **PROVISIONS OF REPUBLIC ACT NO. 7656 OR THE DIVIDEND LAW. THE**
32 **INCOME GENERATED BY THE AUTHORITY FROM AIR NAVIGATIONAL**
33 **CHARGES SHALL BE UTILIZED FOR COMPLIANCE WITH**
34 **INTERNATIONAL STANDARDS OF SAFETY.**
35

36 The utilization of any funds coming from the collection and/or levy of the Authority
37 shall be subject to the examination of the Congressional Oversight Committee
38 (COCAAP). **THE COCAAP MAY REQUIRE THE AUTHORITY TO SUBMIT,**
39 **FURNISH OR PROVIDE ANY AND ALL DOCUMENTS IN RELATION TO**
40 **THE UTILIZATION OF FUNDS OF THE AUTHORITY AND ANY OTHER**
41 **NON-FINANCIAL DOCUMENTS RELATIVE TO THE DUTIES, FUNCTIONS,**
42 **OPERATIONS OF THE AUTHORITY.”**
43

44 **SECTION 7.** Section 18 of the same Act is hereby amended to read as follows:
45

1 “ SEC. 18. Compensation and Other Emoluments of Authority Personnel. - Within six (6)
2 months from the effectivity o f this Act, the Board shall determine the new schedule of
3 salaries of the employees of the Authority subject to the compliance with the existing
4 compensation laws **AND REVISE THE SAME FROM TIME TO TIME AS IT MAY**
5 **DEEM NECESSARY:** Provided, That the Board shall determine and fix the
6 compensation, **EMOLUMENTS** and fringe benefits of employees holding technical
7 positions [that are not common to the other agencies of the government which shall be
8 specified in the Implementing Rules and Regulations].
9

10 **IT SHALL PROVIDE ANNUAL REVIEWS OR INCREASES BASED ON**
11 **PRODUCTIVITY.”**
12
13

14 **SECTION 8.** A new section 18-A is hereby inserted to read as follows:
15

16 **“SEC. 18-A. MANAGEMENT OFFICIALS AND EMPLOYEES; MERIT**
17 **SYSTEM- THE BOARD SHALL ESTABLISH A HUMAN RESOURCES**
18 **MANAGEMENT SYSTEM, WHICH SHALL PROMOTE PROFESSIONALISM**
19 **AT ALL LEVELS OF THE AUTHORITY IN ACCORDANCE WITH SOUND**
20 **PRINCIPLES OF MANAGEMENT.**
21 **A PROGRESSIVE COMPENSATION STRUCTURE, BASED ON, AND**
22 **EQUIVALENT TO THE STANDARDS OF THE AVIATION INDUSTRY, AS**
23 **PRACTICED AND OBSERVED IN THE INTERNATIONAL AVIATION**
24 **INDUSTRIES, INCLUDING THE STANDARDS SET BY THE**
25 **INTERNATIONAL CIVIL AVIATION ORGANIZATION, SHALL BE ADOPTED**
26 **AS AN INTEGRAL COMPONENT OF THE AUTHORITY’S HUMAN**
27 **1U:SOURCES PROGRAM.”**
28

29 **SECTION 9.** A new section 18-B is hereby inserted to read as follows:
30

31 **“SEC. 18-B. EXIRA COMPENSATION. - ALL IEATED AND/OR LICENSED**
32 **AIRMEN AND SUCH OTHER PERSONS OF THE AIITHORITY WHO MAY BE**
33 **AUTHORIZED TO UNDER FAKE OR PERIORM REGULAR AND FREQUENT**
34 **FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, SHALL RECEIVE,**
35 **UPON APPROVAL OF THE AUTHOIHTY, IN ADDITION TO THEIR BASE**
36 **PAY, AN INCREASE IN COMPENSATION OF AT LEAST FIFTY**
37 **PERCENTUM (50%) OF THEIR RESPECTIVE BASE PAY; PROVIDED,**
38 **HOWEVER, THAT THE NUMBER OF HOURS ACTUALLY FLOWN BY SUCH**
39 **AIRMEN AND AUTHOIHIZED PERSONNEL SHALL NOT BE LESS THAN**
40 **FOUR (4) PER MONTH; PROVIDED, FURTHER, THAT THE**
41 **AFOREMENTIONED INCREASE IN COMPENSATION SHALL BE**
42 **MANDATORY ONLY IN THE FIRST INSTANCE FROM THE EFFECTIVTTY**
43 **OF THIS ACT; PROVIDED, FINALLY, THAT FUTURE MANDATORY**
44 **INCREASES IN THE COMPENSATION OF THE RATED AND/OR LICENSED**
45 **AIRMEN AND SUCH OTHER PERSONS OF THE AUTHORITY WHO MAY BE**
46 **AUTHORIZED TO UNDERTAKE OR PERFORM REGULAR AND FREQUENT**

1 **FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, MAY BE**
2 **INCREASED BY THE AUTHORITY ONLY IF IT HAS SUFFICIENT BUDGET**
3 **FOR THE SAME AND IF IT WILL SERVE THE INTEREST OF THE**
4 **AVIATION INDUSTRY AS A WHOLE.”**
5

6 **SECTION 10.** A new section 18-C is hereby inserted to read as follows:
7

8 **“SEC. 18-C. EMPLOYMENT OF PERSONS FOR CONFIDENTIAL, HIGHLY**
9 **TECHNICAL AND POLICY DETERMINING POSITIONS - THE DIRECTOR**
10 **GENERAL MAY, MAKE APPOINTMENTS TO CONFIDENTIAL, HIGHLY**
11 **TECHNICAL, AND POLICY DETERMINING POSITIONS AS MAY BE**
12 **REQUIRED BY THE FUNCTIONS AND RESPONSIBILITIES OF THE**
13 **OFFICE.”**
14

15 **SECTION 11.** Section 24 of the same Act is hereby amended to read as follows:
16

17 **“SEC. 24. Powers of the Board.** The Board shall have the following general powers:
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20

21 (d) ANY LAW TO THE CONTRARY NOTWITHSTANDING, ORGANIZE, RE-
22 ORGANIZE, AND [D] determine the organizational structure of the Authority in
23 accordance with the provisions of this Act, establish a human resources management
24 system based on merit and fitness, CREATE, TRANSFER, RE-ALIGN AND ABOLISH
25 OFFICES AND POSITIONS, and adopt a rational compensation and benefits scheme
26 EQUIVALENT TO THE STANDARDS SET BY THE INTERNATIONAL CIVIL
27 AVIATION ORGANIZATION (ICAO);
28

29 [(e) Exercise appellate powers on any decisions, findings and rulings of the Director
30 General, to issue subpoena ad testificandum or subpoena duces tecum requiring the
31 attendance and testimony of witnesses in any matter or inquiry pending before the Board
32 and require the production of books, papers, contracts, agreements and all other
33 documents submitted for purposes of this section to be under oath and verified by the
34 person in custody thereof as to the truth and correctness of data appearing in such books,
35 papers, tariffs, contracts, agreements and all other documents;
36

37 (f) Exercise appellate powers to order the taking of depositions in any proceeding, or
38 investigation, pending before the Board at any stage of such proceeding or investigation;
39]
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42

43 [(j) Promulgate rules and regulations as may be necessary in the interest of safety in air
44 commerce pertaining to the issuance of the airman’s certificate including the licensing of
45 operating and mechanical personnel, type certificate for aircraft, aircraft engines,
46 propellers and appliances, airworthiness certificates, air carrier operating certificates, air

1 agency certificates, navigation facility and aerodrome certificates; air traffic routes; radio
2 and aeronautical telecommunications and air navigation aids; aircraft accident inquiries;
3 aerodromes, both public and private-owned; construction of obstructions to aerodromes;
4 height of buildings; antennae and other edifices; registration of aircrafts; search and
5 rescue; facilitation of air transports; operations of aircrafts, both for domestic and
6 international, including scheduled and non- scheduled; meteorology in relation to civil
7 aviation; rules of the air; air traffic services; rules for prevention of collision of aircrafts;
8 identification of aircraft; rules for safe altitudes of flight; and such other rules and
9 regulations, standards, governing other practices, methods and/or procedures as the
10 Director General may find necessary and appropriate to provide adequately for safety
11 regularity and efficiency in air commerce and air navigation;]
12

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14
15 [(m) Adopt a system for the registration of aircraft as hereinafter provided;]
16

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18
19 [(q) Upon its own initiative or the recommendation of the Director General or an
20 application of a private person, grant exemption from the requirements of observing rules
21 or regulations issued in accordance with this Act: Provided, That said grant of exemption
22 is not prejudicial to flight safety;
23

24 (r) Formulate rules and regulations concerning compliance of the carrier and the public
25 for the safe transport of goods and materials by air pursuant to international standards or
26 Annexes to the Chicago Convention; and
27

28 (s) In coordination with the appropriate government agency tasked to provide airport
29 security, shall:
30

31 (1) Prescribe reasonable regulation requiring that all passengers and all property
32 intended to be carried in the aircraft cabin in commercial air transport be screened
33 by weapon-detecting procedure or facilities employed or operated by employees
34 or agents of the air operator or foreign air operator prior to boarding the aircraft
35 for such transportation;
36

37 (2) Prescribe such other reasonable rules and regulations requiring such parties,
38 methods and procedures as the Director General may find necessary to protect
39 persons and property aboard aircraft operating in commercial air transport against
40 acts of criminal violence and aircraft piracy; and
41

42 (3) To the extent practicable, require uniform procedures for the inspection,
43 detention, and search of persons and property in domestic commercial air
44 transport and international commercial air transport to assure their safety and to
45 assure that they will receive courteous and efficient treatment by air operators and
46 their agents and employees.]

1
2 **(Q) APPROVE POLICY ON LOCAL AND FOREIGN TRAVEL, AND**
3 **CORRESPONDING EXPENSES, ALLOWANCES, PER DIEMS OF OFFICERS,**
4 **EMPLOYEES, AGENTS OF THE AUTHORITY , NOTWITHSTANDING THE**
5 **PROVISIONS OF PRESIDENTIAL DECREE NO. 1177, EXECUTIVE ORDER**
6 **292, EXECUTIVE ORDER 248, AS AMENDED,**
7 **EXECUTIVE ORDER 298, AND SIMILAR LAWS;**
8

9 **(R) EXERCISE THE POW ER OF EMINENT DOMAIN FOR THE PURPOSE OF**
10 **THIS ACT IN THE MANNER PROVIDED BY LAW, PARTICULARLY, THE**
11 **PREREQUISITES OF TAKING OF POSSESSION AND THE DETERMINATION**
12 **AND PAYMENT OF JUST COMPENSATION; AND**
13

14 **(S) THE BOARD MAY PERFORM SUCH ACTS, THRU THE DIRECTOR**
15 **GENERAL OR APPROPRIATE OFFICE, CONDUCT SUCH INVESTIGATION**
16 **IN THE PERFORMANCE OF ITS QUASI-JUDICIAL FUNCTIONS, AS IT**
17 **SHALL DEEM NECESSARY TO CARRY OUT THE PROVISIONS OF THIS**
18 **ACT.**
19

20 **IN EXERCISING THE POW ERS GRANTED UNDER THIS ACT, THE BOARD**
21 **SHALL GIVE FULL CONSIDER/VHON TO THE REQUIREMENTS OF**
22 **NATIONAL DEFENSE, COMMERCIAL AND GENERAL AVIATION, AND TO**
23 **THE PUBLIC RIGHT OF TRANSIT TUROUGU NAVIGABLE AIRSPACE.”**
24
25

26 **SECTION 12.** Section 25 is hereby amended to read as follows:
27

28 “SEC. 25. Issuance of Rules and Regulations. - The [Board, in consultation with the]
29 Director General, shall issue and provide for the enforcement of such orders, rules and
30 regulations as may be necessary to give effect to the provisions of this Act. All rules and
31 regulations issued in accordance with the provisions of this Act shall be fonnally
32 promulgated and periodically reviewed and updated in accordance with the requirements
33 of the Administrative Code of the Philippines or any amendment or successor thereto and
34 the International Civil Aviation Organization Standards and Recommended Practices.
35 [Pending the promulgation of such new rules and regulations, the current rules and
36 regulations of the ATO shall continue to apply.]”
37

38 **SECTION 13.** Section 26 of the same Act is hereby amended to read as follows:
39

40 “SEC. 26. Setting of Charges and Fees. - The Board, after consultation with the Director
41 General, and after public hearing, shall determine, fix, impose, collect or receive
42 reasonable charges, fees, dues or assessments in respect of aviation certificates, licenses
43 and all other authorizations or permissions authorized to be issued under this Act and all
44 services performed by the Authority **BASED ON THE PRINCIPLE OF COST**
45 **RECOVERY AT AN AGGREGATE LEVEL.** All charges and fees shall be formally
46 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 ATO shall continue to apply.”

SECTION 14. Section 27 of the same Act is hereby amended to read as follows:

“SEC. 27. Issuance of Rules of Procedure and Practice. - The [Board may authorize the] Director General [to] shall issue or amend rules of procedures and practice **BEFORE THE AUTHORITY IN RELATION TO ITS REGULATORY FUNCTION** as may be required to be issued pursuant to the provisions of this Act or issue and adopt rules and regulations [and other] **TO IMPLEMENT THE REGULATORY** issuances of the ICAO. [Pending the promulgation of such new rules of procedures and practice, current rules of procedures and practices of the ATO shall continue to apply.]”

SECTION 15. Section 28 of the same Act is hereby amended to read as follows:

“SEC. 28. Appellate [Powers] Jurisdiction - [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.]

ALL DECISIONS, RULINGS, RESOLUTIONS OF THE BOARD AND THE DIRECTOR GENERAL ARE APPEALABLE TO THE COURT OF APPEALS.”

SECTION 16. Section 35 of the same Act is hereby amended to read as follows:

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

Xxx

1
2 (d) DETERMINE THE ORGANIZATIONAL STRUCTURE OF THE
3 AUTHORITY IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT,
4 ESTABLISH A HUMAN RESOURCES MANAGEMENT SYSTEM BASED ON
5 MERIT AND FITNESS, AND ADOPT A RATIONAL COMPENSATION AND
6 BENEFITS SCHEME; EXERCISE APPELLATE POWERS TO ORDER THE
7 TAKING OF DEPOSITIONS IN ANY PROCEEDING, OR INVESTIGATION,
8 PENDING BEFORE THE BOARD AT ANY STAGE OF SUCH PROCEEDING
9 OR INVESTIGATION;

10
11 (e) To issue air **OPERATOR** certificate in accordance with the minimum safety
12 standards for the operation of the air carrier to whom such certificate is issued. The air
13 **OPERATOR** certificate shall be issued only to aircrafts registered under the provisions
14 of this Act.

15
16 AN AIR OPERATOR CERTIFICATE HOLDER MAY OPERATE AND USE
17 FOREIGN-REGISTERED AIRCRAFTS PROVIDED THAT THE STATE OF
18 REGISTRATION DELEGATES TO THE DIRECTOR GENERAL THE
19 TECHNICAL AND SAFETY OVERSIGHT FUNCTIONS OVER THE
20 AIRCRAFT AND/OR ITS CREW, AS APPLICABLE PURSUANT TO ICAO
21 ARTICLE 83/*BIS*, AND SUBJECT TO SUCH RULES AND REGULATIONS
22 PROMULGATED BY THE AUTHORITY .

23
24 (F) PROMULGATE RULES AND REGULATIONS AS MAY BE NECESSARY IN
25 THE INTEREST OF SAFETY IN AIR COMMERCE PERTAINING TO THE
26 ISSUANCE OF THE AIRMAN'S CERTIFICATE INCLUDING THE LICENSING
27 OF PILOTS AND MECHANICAL PERSONNEL, TYPE CERTIFICATE
28 FOR AIRCRAFT, AIRCRAFT ENGINES, PROPELLERS AND APPLIANCES,
29 AIRWORTHINESS CERTIFICATES, AIR CARRIER OPERATING
30 CERTIFICATES, AIR AGENCY CERTIFICATES, NAVIGATION FACILITY
31 AND AERODROME CERTIFICATES; AIR TRAFFIC ROUTES; RADIO AND
32 AERONAUTICAL TELECOMMUNICATIONS AND AIR NAVIGATION AIDS;
33 AIRCRAFT ACCIDENT INQUIRIES; AERODROMES, BOTH PUBLIC AND
34 PRIVATE-OWNED; CONSTRUCTION OF OBSTRUCTIONS TO
35 AERODROMES; HEIGHT OF BUILDINGS; ANTENNAE AND OTHER
36 EDIFICES; REGISTRATION OF AIRCRAFTS; SEARCH AND RESCUE;
37 FACILITATION OF AIR TRANSPORTS; OPERATIONS OF AIRCRAFT,
38 BOTH FOR DOMESTIC AND INTERNATIONAL, INCLUDING SCHEDULED
39 AND NON-SCHEDULED; METEOROLOGY IN RELATION TO CIVIL
40 AVIATION; RULES OF THE AIR; AIR TRAFFIC SERVICES; RULES FOR
41 PREVENTION OF COLLISION OF AIRCRAFTS, IDENTIFICATION OF
42 AIRCRAFT; RULES FOR SAFE ALTITUDES OF FLIGHT; AND SUCH OTHER
43 RULES AND REGULATIONS, STANDARDS, GOVERNING OTHER
44 PRACTICES, METHODS AND/OR PROCEDURES AS THE DIRECTOR
45 GENERAL MAY FIND NECESSARY AND APPROPRIATE TO PROVIDE

1 **ADEQUATELY FOR SAFETY REGULARITY AND EFFICIENCY IN AIR**
2 **COMMERCE AND AIR NAVIGATION;**

3
4 (v) Adopt a system for the registration of aircraft as hereinafter provided.”

5
6 **SECTION 17.** Section 40 of the same Act is hereby amended to read as follows:
7

8
9 “SEC. 40. Creation of Flight Standards Inspectorate Service. - (a) [The Board, other than
10 the offices it shall create in furtherance of this Act, shall establish a permanent office
11 known as the Flight Standards Inspectorate Service (FSIS) that will] assist the Director
12 General in carrying out the responsibilities of his office for certification and ongoing
13 inspections of aircraft, airmen and air operators.

14
15 The FSIS shall perform the following functions:

- 16
17 (1) Airworthiness inspection;
18 (2) Flight operations inspection and evaluation; and
19 (3) Personnel licensing.”

20 [Furthermore, the Board shall create, but not limited to, the following offices which will
21 provide support to the functions of the FSIS, namely; Aircraft Registration, Aircraft
22 Engineering and Standards, Airmen Examination Board and Office of the Flight
23 Surgeon.]
24

25 **SECTION 18.** Section 73 of the same Act is hereby amended to read as follows:
26

27 “SEC. 73. Statutory Lien **AND POWER TO DETAIN.** - The Director General, after
28 complying with the required legal formalities provided by law,] shall have the power to
29 impose lien on **AND DETAIN** aircraft and machinery:

- 30
31 (a) If the charges and other fees are not paid in full on due date or any part of the
32 charges or the late payment penalty thereto remains unpaid; and
33 (b) Failure to pay administrative fines arising from violation of any rules and
34 regulations promulgated by the Authority.”
35

36 **SECTION 19.** A new section 81-B is hereby inserted to read as follows:
37

38 “SEC. 81.B Notwithstanding Section 81 (b), the penalties provided under Section 81,
39 paragraph (b), clauses (5), (6), (7), (8), (9),(10), (11), and (12), may be imposed by a
40 court of competent jurisdiction after the filing of a proper criminal complaint by an air
41 operator, airman, or crew member.”
42

43 **SECTION 20.** A new section 84-A is hereby inserted to read as follows:
44

45 “**SEC. 84-A. EXECUTION OF MONETARY JUDGMENT. - THE DIRECTOR**
46 **GENEITAL IS AUTHORIZED TO ENFORCE MONETARY JUDGMENTS**

1 **THROUGH THE SHERIFF WHO SHALL DEMAND THE IMMEDIATE**
2 **PAYMENT OF THE FULL AMOUNT STATED IN THE WRIT OF EXECUTION**
3 **TO BE IMPOSED FOR EACH VIOLATION OF THIS ACT.**
4 **FOR THIS PURPOSE, THE DIRECTOR GENERAL MAY ISSUE AN ORDER**
5 **DIRECTING THE SHERIFF TO REQUEST THE ASSISTANCE OF LAW**
6 **ENFORCEMENT AGENCIES TO ENSURE COMPLIANCE WITH THE WRIT**
7 **OF EXECUTION, ORDERS OR PROCESSES.”**
8

9 **SECTION 21.** Section 91 of the same Act is hereby amended to read as follows:
10

11 “SEC. 91. Congressional Oversight Committee. — A Congressional Oversight
12 Committee, hereinafter referred to as the “Committee”, is hereby constituted in
13 accordance with the provisions of this Act. The Committee shall be composed of the
14 Chairman of the Senate Committee on Public Services and Chairman of the House
15 Committee on Transportation and four (4) additional members from each House to be
16 designated by the Senate President and the Speaker of the House of Representatives,
17 respectively. The Committee shall, among others, in aid of legislation:
18

- 19 (a) Monitor and ensure the proper implementation of this Act;
20 (b) Review the collection performance of the Authority; and
21 (c) Review the proper implementation of the programs of the Authority and the use
22 of its collected fund AND BUDGET.
23

24 In furtherance of the hereinabove cited objectives, the Committee is empowered to
25 require the Authority to submit all pertinent information including, but not limited to, its
26 collection performance data and its annual audited financial statements certified by the
27 Commission on Audit. **ANY MEMBER OF THE COMMITTEE OR HIS OR HER**
28 **REPRESENTATIVE IS AUTHORIZED TO SIT AS AN OBSERVER IN ANY OF**
29 **THE MEETING OR FUNCTION OF THE BOARD.** The Congressional Oversight
30 Committee shall be in existence for a period of [five (5)] **TEN (10) YEARS FROM**
31 **THE EFFECTIVITY OF THIS ACT**, and thereafter, its oversight functions shall be
32 exercised by the Senate Committee on Public Services and the House Committee on
33 Transportation acting separately.
34
35

36 **SECTION 22.** Transitory Provisions. - All powers, duties and rights vested by law and exercised
37 by the authority relating to the planning, development, control, supervision, construction,
38 maintenance, operation, provision of services and facilities and the efficient functioning of all
39 domestic and international airports pursuant to R.A. No. 9497, shall remain with the authority
40 until the airport governing authority tasked to implement these functions is established not more
41 than one (1) year from the effectivity of this Act.
42

43 All assets, real and personal properties, contracts, records and documents, funds and revenues
44 owned by or vested in the authority in relation to the above powers, duties and rights shall be
45 transferred to the airport governing authority. In the interim, the authority shall separate the
46 developmental and commercial functions by implementing an organizational

1 restructuring that will enable and ensure the functional separation within a period of one (1) year
2 from the effectivity of this Act.

3
4 **SECTION 23.** Repealing Clause. - Republic Act No. 10149 and Republic Act No. 7656 and
5 other laws, decrees, executive orders, rules and regulations and other issuances or part thereof,
6 which are inconsistent with this Act, are hereby repealed, amended, or modified accordingly.

7
8 **SECTION 24.** Effectivity. - This Act shall take fifteen (15) days after its publication in two (2)
9 newspapers of general circulation.

10
11
12 *Approved,*
13