

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**NINETEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 8096**



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Introduced by **HON. LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR.**

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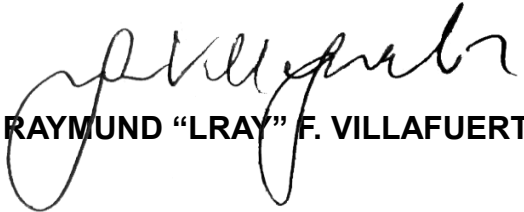
**EXPLANATORY NOTE**

This proposed measure seeks the amendment of Republic Act No. 9497 or the creation of the Civil Aviation Authority of the Philippines (CAAP) in view of the technical report of the United States Federal Aviation Authority (FAA) has cited 23 "critical elements" that should be addressed for the improvement of the country's aviation status, namely, fine-tuning of the Philippine Civil Air Regulations. This measure proposes to amend RA 9497, specifically to:

1. Increase the term of Director General (DG) to a fixed term of eight (8) years to ensure continuity in the civil aviation system, the promotion, development and regulation of the technical, operational, safety, and aviation security functions by insulating the DG from changes of administration;
2. Update the composition of the CAAP Board of Directors to include private sector representatives in order to strengthen the safety and oversight structure of the Board;
3. Exempt CAAP from the coverage of the GCG law and the Salary Standardization Law, as their functions are distinctly and highly technical in nature as compared to those performed by other "government employees"; and
4. Enhance fiscal autonomy of CAAP by exempting them from the coverage of Republic Act No. 7656 or the Dividend Law to maximize the use of the revenues generated by CAAP.

With the foregoing, we seek to strengthen CAAP as the country's designated civil aviation authority for the development of the aviation industry.

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

  
**LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR.**

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**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**

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

**SECTION 1.** Section 2 of Republic Act No. 9497, otherwise known as the “*Civil Aviation Authority 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, and aviation security functions under the civil aviation authority **IN FURTHERANCE OF THE OBLIGATIONS OF THE PHILIPPINES TO THE INTERNATIONAL COMMUNITY AS CONTRACTING STATE TO THE CONVENTION ON INTERNATIONAL CIVIL AVIATION, COMMONLY KNOWN AS 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."**

**SEC. 2.** Insert the following definitions in Section 3 of the same Act, to read as follows and renumber the sub-sections therein accordingly:

**"(Q) AIR NAVIGATION CHARGES - REFERS TO ALL OPERATIONAL CHARGES FOR THE USE OF ENROUTE AND AIRPORT/TERMINAL NAVIGATION FACILITIES AND SERVICES PROVIDED BY THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES TO AIRCRAFT ON INTERNATIONAL, DOMESTIC AND GENERAL AVIATION OPERATIONS FLYING INTO AND OUT OF AIRPORTS IN THE REPUBLIC OF THE PHILIPPINES, AND AIRCRAFT OVERFLYING THE MANILA FLIGHT INFORMATION REGION, WITHOUT LANDING AT ANY PHILIPPINE AIRPORT;"**

**X X X**

**"(JJ) COMMERCIAL AIR TRANSPORT OPERATION - AN AIRCRAFT OPERATION INVOLVING THE TRANSPORT OF PASSENGERS, CARGO OR MAIL FOR REMUNERATION OR HIRE;"**

**SEC. 3.** Section 3 (eee) and (fff) of the same Act is amended to read as follows:

**"(EEE) LANDING AND TAKEOFF FEES** - refers to ~~[all charges for the use of any landing strip or runway by any aircraft landing or taking off at an aerodrome]~~ **FEES CHARGED FOR THE USE OF AIRCRAFT OF THE AIRPORT FACILITIES AND SERVICES FOR LANDING AND TAKE-OFF;"**

**"(FFF) [Terminal] PARKING 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]~~ **ALL FEES CHARGED TO THE AIRCRAFT FOR THE USE OF FACILITIES AND SERVICES FOR PARKING AT THE TERMINAL APRON OR REMOTE PARKING AREAS FROM THE TIME OF LANDING UP TO THE TIME OF TAKE-OFF;"**

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

"SEC. 4. Creation of the Authority. - 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 Authority of the Philippines (CAAP), hereinafter referred to as the "Authority" attached to the Department of Transportation (DOTr) **SOLELY** for the purpose of policy coordination. For this purpose, the existing Air Transportation Office created under the provisions of Republic Act No. 776, as amended, is hereby abolished.

**THE AUTHORITY SHALL BE EXEMPT FROM THE PROVISIONS OF REPUBLIC ACT NO. 10149, OTHERWISE KNOWN AS THE GOCC GOVERNANCE ACT OF 2011 AND FROM THE JURISDICTION OF THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATION: PROVIDED, HOWEVER, THAT THE**

AUTHORITY SHALL BE REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS IN SECTION 25, CHAPTER V OF REPUBLIC ACT NO. 10149 AND MAY BE SUBJECT TO THE SPECIAL AUDIT UPON THE DIRECTIVE OF THE COMMISSION ON AUDIT; *PROVIDED, FURTHER,* THAT NO PERFORMANCE INCENTIVE, BONUS, ANY KIND OF ADDITIONAL BENEFIT NOT PRESCRIBED UNDER THE LAW SHALL BE GRANTED UNLESS THE AUTHORITY HAS FULLY PAID ALL TAXES FOR WHICH IT IS LIABLE.

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(a) [~~Establishment of Authority Headed by a~~] **APPOINTMENT AND TERM OF OFFICE** Director General - The Authority shall be headed by a Director General of Civil Aviation, referred to in this Act as the "Director General," who [~~shall be appointed by the President of the Philippines and~~] shall be responsible for all **NON-ECONOMIC ASPECTS OF** civil aviation in the Philippines and the administration of this Act. **NOTWITHSTANDING THE PROVISIONS OF REPUBLIC ACT 10149,** [F] the Director General shall be appointed **BY THE PRESIDENT OF THE PHILIPPINES** based on the qualifications herein provided and shall have a [~~tenure~~] **TERM** of office for a period of [~~four (4)~~] **EIGHT (8) YEARS** years [. His appointment may be extended for another non-extendible term of four (4) years] and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission. **IN CASE THE DIRECTOR GENERAL FAILS TO COMPLETE HIS TERM, HIS SUCCESSOR SHALL ONLY SERVE FOR THE UNEXPIRED PORTION OF THE TERM OF HIS PREDECESSOR.**

**THE PRESIDENT OF THE PHILIPPINES SHALL APPOINT THE DIRECTOR GENERAL FROM A SHORTLIST OF THREE NOMINEES**

PREPARED BY THE BOARD OF DIRECTORS CONSTITUTED AS A SEARCH COMMITTEE COMPOSED OF FIVE MEMBERS THEREOF WHO SHALL RECEIVE AND EVALUATE NOMINATIONS. NO INCUMBENT DIRECTOR GENERAL SHALL BE A MEMBER OF THE SEARCH COMMITTEE."

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

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

- (a) The Secretary of the Department of Transportation [~~and Communications~~] shall act as chairman ex officio;
- (b) The Director General of Civil Aviation (DGCA) shall automatically be the vice chairman of the Board;
- (c) The Secretary of Finance;
- (d) The Secretary of Foreign Affairs;
- (e) The Secretary of Justice;
- (f) The Secretary of the Interior and Local Government; [~~and~~]
- (g) The Secretary of the Department of Labor and Employment;
- (h) THE SECRETARY OF THE DEPARTMENT OF TOURISM;**
- (i) THE SECRETARY OF THE DEPARTMENT OF NATIONAL DEFENSE; AND**
- (j) TWO (2) REPRESENTATIVES FROM THE PRIVATE SECTOR TO BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES: 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 subsections (a) to [(g)] **(I)** shall be *ex officio* members of the Board of Directors: *Provided*, That, in the absence of the Director appointed in subsections (c) to [(g)] **(I)**, the Director concerned shall designate **WITH FULL POWER AND AUTHORITY, IN WRITING**, the officer [~~next in rank to him~~] **WHO SHALL BE AT LEAST AN ASSISTANT SECRETARY**, in his department or office to act on his behalf as a Director."

**SEC. 6.** Section 8 of the same Act is hereby amended to read as follows:

"SEC. 8. Quorum. — The presence of at least [~~four (4)~~] **SIX (6)** members of the Board shall constitute a quorum and the majority vote of [~~three (3)~~] **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. 7.** Section 9 of the same Act is hereby amended to read as follows:

"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. 8.** Section 10 of the same Act is hereby amended to read as follows:

"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)~~] **SIX (6)** members. Internal rules of procedure in the conduct of Board meetings shall be as prescribed by the Board."

**SEC. 9.** Section 12 of the same Act is hereby amended to read as follows:

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

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

**ALL POSITIONS IN THE AUTHORITY SHALL BE GOVERNED BY A COMPENSATION, POSITION CLASSIFICATION SYSTEM, AND QUALIFICATION STANDARDS APPROVED BY THE BOARD OF DIRECTORS BASED ON A COMPREHENSIVE JOB ANALYSIS AND AUDIT OF ACTUAL DUTIES AND RESPONSIBILITIES. THE AUTHORITY SHALL THEREFORE BE EXEMPT FROM EXISTING LAWS, RULES AND REGULATIONS ON COMPENSATION, POSITION CLASSIFICATION, AND QUALIFICATION STANDARDS. IT SHALL, HOWEVER, ENDEAVOR TO MAKE ITS SYSTEM CONFORM AS CLOSELY AS POSSIBLE WITH THE PRINCIPLE UNDER REPUBLIC ACT NO. 6758, AS AMENDED."**

**SEC. 10.** Section 15 of the same Act is hereby amended to read as follows:

"SEC. 15. Fiscal Autonomy. — The Authority shall enjoy fiscal autonomy. All moneys earned by the Authority 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 Authority. **FOR THIS PURPOSES, THE AUTHORITY SHALL BE EXEMPT FROM THE PROVISIONS OF 5 REPUBLIC ACT No. 7656 OR THE DIVIDEND LAW.**

The utilization of any funds coming from the collection and/or levy of the Authority shall be subject to the examination of the Congressional Oversight Committee (COCAAP).

**SEC. 11.** Section 18 of the same Act is hereby amended to read as follows:

"SEC. 18. Compensation and Other Emoluments of Authority 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 Authority subject to the compliance with the existing compensation laws, **CONSISTENT WITH THE PROVISIONS UNDER SECTION 5 HEREOF, AND REVISE THE SAME FROM TIME TO TIME AS IT MAY DEEM NECESSARY** [~~Provided, That the Board shall determine and fix the compensation, and fringe benefits of employees holding technical positions that are not common to the other agencies of the government which shall be specified in the Implementing Rules and Regulations~~]. **THE BOARD SHALL PROVIDE ANNUAL REVIEWS OR INCREASES BASED ON PRODUCTIVITY."**

**SEC. 12.** A new section 18-A is hereby inserted to read as follows:

"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 AUTHORITY IN ACCORDANCE WITH SOUND PRINCIPLES OF MANAGEMENT.

A PROGRESSIVE COMPENSATION STRUCTURE, BASED ON, AND EQUIVALENT TO THE STANDARDS OF THE AVIATION INDUSTRY, AS PRACTICED AND OBSERVED IN THE INTERNATIONAL AVIATION INDUSTRIES, INCLUDING THE STANDARDS SET BY THE INTERNATIONAL CIVIL AVIATION ORGANIZATION, SHALL BE ADOPTED AS AN INTEGRAL COMPONENT OF THE AUTHORITY'S HUMAN RESOURCES PROGRAM."

**SEC. 13.** A new section 18-B is hereby inserted to read as follows:

"SEC. 18-B. EXTRA COMPENSATION. - ALL RATED AND/OR LICENSED AIRMEN AND SUCH OTHER PERSONS OF THE AUTHORITY WHO MAY BE AUTHORIZED TO BOARD, UNDERTAKE OR PERFORM REGULAR AND FREQUENT FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, SHALL RECEIVE, UPON APPROVAL OF THE AUTHORITY, 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: *PROVIDED, FURTHER*, THAT THE AFOREMENTIONED INCREASE IN COMPENSATION SHALL BE MANDATORY ONLY IN THE FIRST INSTANCE FROM THE EFFECTIVITY OF THIS ACT: *PROVIDED, FINALLY*, THAT FUTURE MANDATORY INCREASES IN THE COMPENSATION OF THE RATED AND/OR LICENSED AIRMEN AND SUCH OTHER PERSONS OF THE

**AUTHORITY WHO MAY BE AUTHORIZED TO UNDERTAKE OR PERFORM REGULAR AND FREQUENT FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, MAY BE INCREASED BY THE AUTHORITY ONLY IF IT HAS SUFFICIENT BUDGET FOR THE SAME AND IF IT WILL SERVE THE INTEREST OF THE AVIATION INDUSTRY AS A WHOLE."**

**SEC. 14.** A new section 18-C is hereby inserted to read as follows:

**"SEC. 18-C. EMPLOYMENT OF PERSONS FOR CONFIDENTIAL, HIGHLY TECHNICAL AND POLICY DETERMINING POSITIONS - THE DIRECTOR GENERAL MAY, MAKE APPOINTMENTS TO CONFIDENTIAL, HIGHLY TECHNICAL, AND POLICY DETERMINING POSITIONS AS MAY BE REQUIRED BY THE FUNCTIONS AND RESPONSIBILITIES OF THE OFFICE."**

**SEC. 15.** Section 21 of the same Act is hereby amended to read as follows:

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

**(a) x x x;**

**(F) THE OBLIGATIONS OF THE PHILIPPINES AS A CONTRACTING STATE TO THE CONVENTION ON INTERNATIONAL CIVIL AVIATION, COMMONLY KNOWN AS THE CHICAGO CONVENTION."**

**SEC. 16.** Section 24 of the same Act is hereby amended and its subsections duly renumbered, as follows:

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

(a) x x x;

(d) **ANY LAW TO THE CONTRARY NOTWITHSTANDING, ORGANIZE, RE-ORGANIZE, AND [D]**determine the organizational structure of the Authority in accordance with the provisions of this Act, establish a human resources management system based on merit and fitness, **CREATE, TRANSFER, RE-ALIGN AND ABOLISH OFFICES AND POSITIONS,** 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;]~~

x x x

~~[(j) 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 carrier operating 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; rules for prevention of collision of aircrafts; identification of aircraft; rules for safe altitudes of flight; and such other rules and regulations, standards, governing other practices, methods and/or procedures as the Director General may find necessary and appropriate to provide adequately for safety regularity and efficiency in air commerce and air navigation;]~~

X X X

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

X X X

~~(q) [Upon its own initiative or the recommendation of the Director General or an application of a private person, grant exemption from the requirements of observing rules or regulations issued in accordance with this Act: Provided, That said grant of exemption is not prejudicial to flight safety;]~~ **APPROVE POLICY ON LOCAL AND FOREIGN TRAVEL, AND THE CORRESPONDING EXPENSES, ALLOWANCES, PER DIEMS OF OFFICERS, EMPLOYEES, AGENTS OF THE AUTHORITY,**

**NOTWITHSTANDING THE PROVISIONS OF PRESIDENTIAL DECREE NO. 1177, EXECUTIVE ORDER 292, EXECUTIVE ORDER 248, AS AMENDED, EXECUTIVE ORDER 298, AND SIMILAR LAWS;**

(r) [~~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~~] **EXERCISE THE POWER OF EMINENT DOMAIN FOR THE PURPOSE OF THIS ACT IN THE MANNER PROVIDED BY LAW, PARTICULARLY, THE PREREQUISITES OF TAKING OF POSSESSION AND THE DETERMINATION AND PAYMENT OF JUST COMPENSATION;** and

(s) [~~In coordination with the appropriate government agency tasked to provide airport security, shall:~~

(1) ~~Prescribe 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;~~

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

(3) ~~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.]~~

**PERFORM SUCH ACTS, THRU THE DIRECTOR GENERAL OR APPROPRIATE OFFICE, CONDUCT SUCH INVESTIGATION IN THE PERFORMANCE OF ITS QUASIJUDICIAL 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. 17.** Section 25 is hereby amended to read as follows:

"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 International Civil Aviation Organization Standards and Recommended Practices. Pending the promulgation of such new rules and regulations, the current rules and regulations of the ATO shall continue to apply."

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

"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 Authority **BASED ON THE PRINCIPLE OF COST RECOVERY AT AN AGGREGATE LEVEL**. 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 ATO shall continue to apply].~~"

**SEC. 19.** 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.]~~"

**SEC. 20.** 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 SHALL BE APPEALABLE TO  
THE COURT OF APPEALS."**

**SEC. 21.** Section 40 of the same Act is hereby amended to read as follows:

"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 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. 22.** Section 73 of the same Act is hereby amended to read as follows:

"SEC. 73. Statutory Lien **AND POWER TO DETAIN.** - The Director General ~~[,after complying with the required legal formalities provided by law,]~~ shall have the power to impose lien on **AND DETAIN** 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 Authority."

**SEC. 23. Separability Clause.** – If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall continue to be in full force and effect.

**SEC. 24. 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. 25. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any newspaper of the general circulation.

*Approved,*