



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **6362**



Introduced by:

HON. CHRISTOPHERSON "COCO" M. YAP

EXPLANATORY NOTE

The country's aviation infrastructure is governed in part by the Civil Aviation Authority of the Philippines (CAAP), which currently combines regulatory oversight of air safety, operations of airports, and developmental functions under one body. As air travel, cargo movements, regional tourism, and global supply chains continue to expand, the dual role of CAAP, that of regulator and operator/developer, creates potential conflicts of interest, inefficiencies in airport expansion, and delays in the implementation of needed infrastructure upgrades. Furthermore, existing airport facilities in many regions struggle to keep pace with increasing passenger volumes, modern safety standards, and evolving logistics demands.

Empirical evidence suggests that airports managed by dedicated operator-entities often deliver higher performance, greater financial sustainability, and more timely infrastructure upgrades compared with those managed within regulatory agencies. The Philippines has experienced bottlenecks: several airports miss international standards for handling capacity, passenger amenities are uneven, and investment in airport development lags behind peer countries in the ASEAN region. Without structural reform, the growth of air transport, critical for tourism, regional development, and trade, may be constrained.

This bill creates the Philippine Airports Corporation (PAC), a government-owned and-controlled corporation attached to the Department of Transportation (DOTr) for policy coordination. PAC will be granted the authority to plan, build, operate, maintain, expand and modernize domestic and international airports, as well as related airport services and infrastructure currently under CAAP.

This structural separation seeks to ensure that regulatory functions remain with CAAP while development and management of airports are handled by a specialized operational entity. The corporation will be empowered to adopt international standards, attract private investment, manage its assets, issue airport operation certificates, collect fees, and generate revenue for reinvestment as part of a long-term strategy to enhance airport

capacity, improve safety, raise service quality, speed up infrastructure rollout, and position the Philippines as a competitive aviation hub.

In view of the foregoing, **ug sa ngalan sa SERBISYONG TINUORAY**, the undersigned respectfully requests the immediate passage of this measure.


CHRISTOPHERSON "COCO" M. YAP
Representative, Second District of Southern Leyte



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AN ACT
CREATING THE PHILIPPINE AIRPORTS CORPORATION, DEFINING ITS POWERS
AND FUNCTIONS, AND PROVIDING FUNDS THEREFOR

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

Section 1. *Short Title.* – This Act shall be known as the “Philippine Airports Corporation (PAC) Act”.

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

- (a) ***Airport*** shall refer to a defined area on land or water including buildings, runways, installations, facilities, and equipment intended to be used wholly or in part for the arrival, departure, or surface movement of an aircraft, with provision for passengers to wait in comfortably and safely. When used in this Act, it shall include all domestic and international airports in the country;
- (b) ***Corporation*** shall refer to the Philippine Airports Corporation created in Section 3 hereof;
- (c) ***Board*** shall refer to the Board of Directors of the Philippine Airports Corporation.

Section 3. *Creation of the Philippine Airports Corporation.* – There is hereby established a body corporate to be known as the Philippine Airports Corporation, which shall be attached to the Department of Transportation (DOTr) for policy coordination.

Section 4. *Purposes and Objectives.* – The Corporation shall have the following purposes and objectives:

- (a) To promote domestic and international air traffic in the Philippines as a means of accelerating the development of aviation as a mode of transportation as well as making the country a center for international trade and preferred destination for manufacturing and tourism;
- (b) To formulate and adopt internationally acceptable standards of airport accommodation and service in all domestic and international airport terminals in the country; and

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

Section 5. *Functions and Powers of the Corporation.* – The Corporation shall have the following functions and powers:

- (a) To formulate a comprehensive and integrated policy and program for all domestic and international airport terminals in the country, and to implement, review, and update such policy and program periodically;
- (b) To control, supervise, construct, maintain, operate, and provide such facilities and services as shall be necessary for the safe and efficient functioning of all domestic and international airport terminals in the country;
- (c) To promulgate rules and regulations governing the planning, development, maintenance, operation, and improvement of domestic and international airport terminals in the country and to control or supervise the construction of any structure or the rendition of any service within all construction of any structure or the rendition of any service within all domestic and international airport terminals;
- (d) To sue and be sued in its corporate name;
- (e) To adopt and use a corporate seal;
- (f) To succeed in its corporate name;
- (g) To adopt its by-laws and to amend or repeal the same from time to time;
- (h) To execute or enter into contracts of any kind or nature;
- (i) To acquire, purchase, own, administer, lease, mortgage, sell or otherwise dispose of any land, building, airport facility or property of whatever kind and nature, whether movable or immovable or any interest therein;
- (j) To exercise the power of eminent domain in the pursuit of its purposes and objectives;
- (k) To levy, and collect dues, charges, fees or assessments for the use of the airport premises, works, appliances, facilities or concessions or for any service provided by it, subject to the approval of the Secretary of Finance;
- (l) To invest its idle funds, as it may deem proper, in government securities;
- (m) To provide services, whether on its own or otherwise, within the airports and the approaches thereof, such as:
 - (1) Movement of aircraft and allocation of aircraft parking areas on the ground,
 - (2) Loading or unloading of aircraft;
 - (3) Passenger handling and other services directed towards the care, convenience and security of passengers, visitors, and other airport users; and
 - (4) Sorting, weighing, measuring, warehousing, or handling of baggage and goods.
- (n) To prescribe and revise minimum safety standards for the operation of airport facilities in the Philippines;
- (o) To perform such other acts and transact such other business, directly or indirectly as may be necessary, incidental or conducive, to the attainment of its purposes and objectives, including the adoption of necessary measures to remedy congestion in the airports; and
- (p) To exercise all the powers under the Corporation Code, insofar as these are not inconsistent with the provisions of this Act.

Section 6. *Police Authority.* – The Corporation shall have the power to exercise such police authority, as may be necessary within its premises, to carry out its functions and attain its purposes and objectives. The grant of such powers shall be without prejudice to the exercise of functions within the same premises by other concerned government agencies as

provided for by law: *Provided*, That the Corporation may seek the assistance of law enforcement agencies, including requests for deputation 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 the airports;
- (c) Maintenance of peace and order within the premises of the airports in coordination with local police authorities and other authorized peace-keeping entities within the airports;
- (d) Regulation and supervision of private security agencies operating within the airports; and
- (e) Enforcement of rules and regulations promulgated by the Corporation pursuant to law.

Section 7. Board of Directors. – The corporate powers of the Corporation shall be exercised by and vested in the Board composed of nine (9) members, as follows:

- (a) Secretary of the DOTr, as Chairperson;
- (b) General Manager of the Corporation, as Vice-Chairperson;
- (c) An Undersecretary of the Department of Finance (DOF);
- (d) An Undersecretary of the Department of Tourism;
- (e) Director General of the Civil Aviation Authority of the Philippines (CAAP); and
- (f) Four (4) representatives from the private sector.

The selection, nomination, appointment, removal, and the term of office of the private sector representatives shall be in accordance with the provisions of Chapter IV of Republic Act No. 10149, otherwise known as the “GOCC Governance Act of 2011”.

The Board shall meet at least once a month or 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 per diems for every meeting actually attended: *Provided*, That such per diem shall conform with existing guidelines of the Commission on Audit (COA). The members of the Board shall be reimbursed by the Corporation for actual expenses including traveling and subsistence expenses incurred by them in the performance of their duties.

Section 8. Functions and Powers 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 Corporation for the development and operation of the airports within the context of the overall government objectives, and the management, operation, and administration of the Corporation;
- (b) To approve the Corporation’s organizational and administrative structure, staffing pattern, operating and capital expenditures and financial budgets prepared in accordance with its corporate plan and upon the recommendation of the General Manager;
- (c) To appoint the General Manager of the Corporation; 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 9. General Manager. – The Corporation shall be headed by a General Manager who shall act as its Chief Executive Officer and shall exercise the following powers and duties:

- (a) To direct and supervise the management, operation, and administration of the Corporation and its integral units including its buildings, runways, facilities, and equipment, so as to provide international standards of service to airport users and to ensure its financial stability in accordance with the programs, plans, policies, procedures, and guidelines promulgated by the Board;
- (b) To provide general supervision and overall coordination of all government agencies operating in the airports with respect to the allocation and use of building space and airport premises;
- (c) To undertake researches, studies, investigations, and other activities related to the present operations and future development requirements of the airports, *motu proprio* or upon instruction of the Board, and to submit comprehensive reports and appropriate 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 Corporation, 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 or understanding contracts or such other arrangements as may be feasible with such government agencies or private entities operating or providing services to the Corporation to ensure proper coordination and integration of all activities in the Corporation, 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, in coordination with the appropriate government offices and agencies, a system for the regular and prompt dissemination of financial, statistical, and other relevant data within the Corporation and to the Board;
- (g) Within the limits of the authority delegated by the Board, to execute contracts, incur obligations, acquire and dispose of assets, and deliver documents on behalf of the Corporation;
- (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 this Act.

Section 10. New Airports. – The Board shall be responsible for the planning, development, construction, operation, maintenance and the expansion of airports. In planning and development of 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 generated 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's (ICAO) 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 Corporation an application for an Airport Operating Certificate (AOC). If the Corporation finds after investigation and public hearing that the applicant 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 herein, the Corporation shall issue an AOC to the applicant.

Each AOC shall prescribe such terms, conditions, and limitations as are reasonably necessary to assure safety in air transport. Unless the Corporation determines that it would be contrary to public interest, such terms, conditions and limitations shall include:

- (a) The operation and maintenance of adequate safety equipment, including firefighting and rescue equipment capable of rapid access to any portion of the airport used for landing, take-off or surface maneuvering of aircraft; and
- (b) The condition and maintenance of primary and secondary runways. For this purpose, the Corporation shall inspect, classify, and rate any air navigation facilities and airports available for the aircraft as to the suitability of such use.

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

- (a) The value of fixed assets including airport facilities, runways and equipment and such other properties, movable and immovable, which may be contributed by the National Government or transferred by it from any of its agencies the valuation of which shall be determined jointly by the Department of Budget and Management (DBM) and the COA on the date of such contribution or transfer after making

due allowances for depreciation and other deductions and liabilities of the Corporation at the time of the takeover of the assets and other properties;

- (b) The unexpected balances of appropriations in the current General Appropriations Act, and other laws in force upon approval hereof, pertaining to, held or used by, or available to the entities abolished or whose powers, duties and responsibilities have been transferred to the Corporation under this Act, including concerned government agencies
- (c) Any surplus income that may be derived from or shall accrue to the Corporation upon its organization and its assumption of the assets and liabilities of the entities that have been abolished or whose powers, duties and responsibilities have been transferred to the Corporation under this Act, including concerned government agencies; and
- (d) Such amount as may be appropriated from time to time from the funds of the National Treasury not otherwise appropriated, including any outlay from the infrastructure program of the National Government and as may be provided in the annual General Appropriations Act.

Section 13. *Contribution to the General Fund.* – The Corporation shall comply with the provisions of Republic Act No. 7656, requiring government-owned or controlled corporations to declare dividends under certain conditions to the National Government.

Section 14. *Auditor.* – The Chairperson of the COA shall be the *ex officio* auditor of the Corporation. For this purpose, the COA may appoint a representative, together with the necessary personnel, to assist said representative in the performance of duties.

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

Section 15. *Legal Counsel.* – The Government Corporate Counsel shall be the legal counsel of the Corporation: *Provided*, That the Corporation may establish its own legal department to handle the day-to-day legal matters affecting its affairs.

Section 16. *Annual Report.* – The Board shall submit to the President of the Philippines, through the DOTr, together with the audit report on the relevant accounts, an annual report generally dealing with the activities and operations of the Corporation. The Board shall also make available such report to the public.

Section 17. *Applicability of the Civil Service Law.* – The Corporation and its officials and employees shall be subject to the Civil Service Law and its rules and regulations.

Section 18. *Borrowing Power.* – The Corporation may, subject to the review and approval of the Monetary Board and the DOF, raise funds either from local or international sources by way of loans, credit, or securities, and other borrowing instruments with the power to create pledges, mortgages, and other voluntary liens or encumbrances on any of its assets or properties.

All loans contracted by the Corporation under this Section, together with all interests and other sums payable in respect hereof shall constitute a charge upon all the revenues and assets of the Corporation and shall rank equally with one another, but shall have priority over any other claim or charge on the revenue and assets of the Corporation: *Provided*, That this provision shall not be construed as a prohibition or restriction on the power of the Corporation to create pledges, mortgages, and other voluntary liens or encumbrances on any of its assets or properties.

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

The President of the Philippines, after consultation with the Secretary of Finance, may guarantee in the name and on behalf of the Republic of the Philippines, the payment of the loans or other indebtedness of the Corporation up to the amount herein authorized.

Section 19. *Increase or Decrease of Rates.* – The Corporation may increase or decrease the rates of the dues, charges, fees or assessments collectible by the Corporation to protect the interest of the government and provide a satisfactory return on the Corporation's assets: *Provided*, That the setting of rates should be in alignment with international policies on airport charges adopting the key principles of transparency, cost-relatedness, consultation, and non-discrimination. The Corporation may adjust the schedule of such rates so as to reflect the cost of facilities or services provided or rendered. These dues, charges, fees or assessments may be periodically reviewed by the Corporation, which shall make such adjustments to the schedule of rates as shall adequately reflect any increase in price levels and, in the case of concession rentals, volume of traffic through the airports, subject to the provisions of Batas Pambansa Blg. 325, Authorizing Heads of All Ministries, Offices and Agencies, and the Commissions of the National Government, the Supreme Court, and Constitutional Bodies, to Revise their Fees and Charges”.

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

Section 21. *Fines and Penalties.* – The Corporation shall have the power to exact reasonable administrative fines in such specific amounts and for such specific violations arising out of the use of the airports as shall be prescribed in the rules and regulations which the Corporation is authorized to issue for the purpose.

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

The General Manager shall require such permittees or concessionaires to provide goods or

services acceptable under international standards and at such prices similar to goods or services in Metropolitan Manila or airports in other countries: *Provided*, That such final awards of permits or concessions to successful bidders shall be subject to the approval of the Board.

Section 23. *Tax Exemption.* – The Corporation shall be exempt from realty tax imposed by political subdivisions, agencies, or instrumentalities of the National Government: *Provided*, That the tax exemption herein granted shall not extend to any subsidiary which may be organized by the Corporation.

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

Section 25. *Projects in Progress.* – All ongoing projects relating to the construction of airport facilities shall be continued by the agency or agencies involved until completion. Thereafter, such projects shall be transferred to the Corporation in accordance with agreements among agencies concerned. Any disagreement relating to such transfer shall be submitted to the Office of the President of the Philippines for final decision.

Section 26. *Transfer of Liabilities and Debts.* – Upon the transfer to and acceptance by the Corporation of the existing physical facilities, intangible assets, and completed projects referred to in the preceding sections, all debts, liabilities and obligations of the entities concerned and other government agencies in respect to such physical facilities, tangible assets, and completed projects within the airports shall likewise be assumed by the Corporation.

Section 27. *Appropriations.* – To provide for any extraordinary expenses of the Corporation upon its organization, the unutilized portion of actual operating income over the estimated expenses of the entities whose powers, duties and responsibilities have been transferred to the Corporation under this Act, at the time of the passage of this Act, is hereby appropriated for purposes approved by the Board. This shall be considered as part of the Corporation's capital under Section 12 hereof.

Section 28. *Implementing Rules and Regulations.* – Within ninety (90) days after the passage of this Act, the Board shall, in consultation with the DOTr, CAAP, DOT, DOF, and DBM, promulgate the implementing rules and regulations, including therein the provisions on the transfer of specific powers and assets from CAAP, projects in progress relating to the construction of airport facilities, and liabilities and debts, as mandated in Sections 24 to 27 hereof, for the effective implementation of this Act.

Section 29. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 30. *Repealing Clause.* - All Acts, executive orders, memorandum circulars,

guidelines and other issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

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

Approved,