

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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 6468

Introduced by **REP. RACHEL MARGUERITE “CUTIE” DEL MAR**
and
REP. ALFREDO D. MARAÑON III

EXPLANATORY NOTE

Cebgo Inc. is a holder of a legislative franchise to operate short-haul and inter-island air transport services in the Philippines¹. As a wholly owned subsidiary of Cebu Air, Inc., Cebgo has been integral in the development of our national aviation network, making various destinations that cannot be easily served by larger aircraft, especially remote communities and emerging tourism zones, accessible to all Filipinos and foreign travelers alike. Utilizing its all-ATR fleet, Cebgo has the capability of serving routes with limited infrastructure, thus providing vital support to our islands by connecting communities beyond the operational reach of jet aircraft to larger hubs². Cebgo remains a vital partner in advancing tourism, employment, and national economic growth and development. Consistent with the State policy under the Tourism Act of 2009 (Republic Act No. 9593), which affirms tourism as a key engine of socioeconomic growth, cultural enrichment, and inclusive progress³, Cebgo has played an indispensable role in strengthening domestic connectivity, converting remote areas into thriving tourism markets, and ultimately expanding the country’s tourism landscape.

By providing regular, reliable, and affordable air transportation services to previously remote destinations, Cebgo has helped transform once isolated and hard to reach communities into emerging tourism markets. Its operations to Boracay

¹ Republic of the Philippines. (2009). *Republic Act No. 9517: Granting SEAir, Inc. a franchise to operate air transport services*. Retrieved from https://lawphil.net/statutes/repacts/ra2009/ra_9517_2009.html

² ATR. (2016, September 22). *First ATR 72-600 high-capacity delivered to Cebu Pacific*. ATR Aircraft. <https://www.atr-aircraft.com/presspost/first-atr-72-600-high-capacity-delivered-to-cebu-pacific/>

Zurbano, J. E. (2024, June 11). *Cebu Pacific ready to serve more travelers with its 15th turboprop plane*. *Manila Standard*. <https://manilastandard.net/news/national/314458051/cebu-pacific-ready-to-serve-more-travelers-with-its-15th-turboprop-plane.html>


³ Republic of the Philippines. (2009). *Tourism Act of 2009 (Republic Act No. 9593)*. Retrieved from https://lawphil.net/statutes/repacts/ra2009/ra_9593_2009.html

(Caticlan)⁴ and Siargao⁵, both formerly considered as missionary routes, have now turned into premier tourism destinations. Cebgo's operations to these routes have stimulated local enterprise, built regional visitor economies, and created a sustained investment from the private sector.

Cebgo continues to broaden its network in support of regional development and tourism expansion. Its recent launch of flights to San Vicente, Palawan, one of the country's emerging destinations⁶, reflects its ongoing commitment to opening new markets and advancing national efforts to spread tourism growth beyond traditional attractions, gateways, and destinations.

The airline has likewise served as a reliable partner in relief operations and disaster response⁷. By giving air transport assistance for medical teams, relief goods, and emergency personnel to communities struck by typhoons, earthquakes, and other calamities, Cebgo has consistently demonstrated its dedication to public service. With its versatile turboprop fleet, Cebgo stands to be an indispensable resource during national emergencies and recovery efforts.

In view of its central roles in enhancing domestic mobility, supporting tourism, creating employment, and driving inclusive regional development, the renewal of Cebgo Inc.'s legislative franchise is both justified and necessary. As affordable, dependable air connectivity remains vital to national development and regional prosperity, the undersigned respectfully urges for the swift approval and immediate enactment of this measure.


HON. RACHEL MARGUERITE B. DEL MAR
1st District, Cebu City


HON. ALFREDO D. MARAÑON III
Negros Occidental, 2nd District

⁴ Cebu Pacific. (2008, December 10). *Cebu Pacific doubles frequency to Boracay (Caticlan) flights*. <https://cebupacificairlines.ph/doubles-frequency-to-boracay/>

⁵ Cebu Pacific Airlines. (n.d.). *Cebu Pacific flies from Cebu to Siargao today*. <https://cebupacificairlines.ph/cebu-pacific-flies-from-cebu-to-siargao-today/>

SunStar. (2017, January 28). *Cebu Pacific increases flights to Siargao*. SunStar Publishing Inc. <https://www.sunstar.com.ph/more-articles/cebu-pacific-increases-flights-to-siargao>

⁶ Arayata, M. C. (2024, June 19). *Cebu Pacific introduces flights from Cebu to San Vicente, Palawan*. *Manila Bulletin*. <https://mb.com.ph/2024/6/19/cebu-pacific-introduces-flights-from-cebu-to-san-vicente>

⁷ Orange Magazine. (2020, April 17). *Cebu Pacific provides airlift support for COVID-19 response efforts*. Team Orange. <https://orangemagazine.ph/2020/cebu-pacific-provides-airlift-support-for-covid-19-response-efforts/>

GMA News. (2021, December 31). *Cebu Pacific mounts relief effort for Odette-hit areas*. *GMA News Online*. <https://www.gmanetwork.com/news/money/companies/816602/cebu-pacific-mounts-relief-effort-for-odette-hit-areas/story/>

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6468

Introduced by: **REP. RACHEL MARGUERITE "CUTIE" DEL MAR**
and
REP. ALFREDO D. MARAÑON III

AN ACT
RENEWING THE FRANCHISE GRANTED TO SOUTHEAST ASIAN AIRLINES (SEAir) DOING BUSINESS UNDER THE NAME CEBGO AND AIRSWIFT, UNDER REPUBLIC ACT NO. 9517 ENTITLED, "AN ACT GRANTING SOUTHEAST ASIAN AIRLINES (SEAir), INC. A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN DOMESTIC AND INTERNATIONAL AIR TRANSPORT SERVICES, WITH CLARKFIELD, PAMPANGA AS ITS BASE" ASSIGNED AND TRANSFERRED TO CEBGO INC.

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

SECTION 1. Nature and Scope of the Franchise. – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to SOUTHEAST ASIAN AIRLINES (SEAir), and later assigned and transferred to Cebgo Inc., doing business under the name "CEBGO" and "AIRSWIFT", hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate and maintain transport services for the carriage of passengers, mail, goods and property by air, both domestic and international.

Air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the Government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. *Civil Aeronautics Board.* – The grantee shall secure from the CAB the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be air worthy and the crew members shall be licensed by the Government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Civil Aviation Authority of the Philippines or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Civil Aviation Authority of the Philippines. The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy - six (R.A. No. 776), otherwise known as the "Civil Aeronautics Act of the Philippines", and the regulation promulgated there under from time to time.

SEC. 3. *Responsibility to the Public.* – Excepting cases of force majeure and whenever weather conditions permit, the grantee shall maintain scheduled and/or non - scheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: Provided, however, That at least twenty - five percent (25%) of all its frequencies shall be for domestic market.

SEC. 4. Rates for Services. – The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the CAB and other proper regulatory agencies of the government.

SEC. 5. Term of Franchise. – The term of the franchise granted under Republic Act No. 9517 is hereby renewed for another forty (40) years from the date of its expiration. In the event that the grantee fails to operate within two (2) years from the effectivity of this Act, this franchise shall be deemed *ipso facto* revoked.

SEC. 6. Bond. - The grantee shall file a bond issued in favor of the CAB, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 7. Landing Facilities. – The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's line subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may impose: *Provided*, That the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained and owned by the grantee in the Philippines.

SEC. 8. Contracts. – The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign - owned airlines particularly with those which have international routes.

SEC. 9. Right of Government. – A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 10. Warranty in Favor of National and Local Governments. – The grantee shall hold the national, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted, attributable solely to the act or omission of the grantee.

SEC 11. Nontransferability of Franchise. - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 12. Tax Provisions. – The grantee shall pay to the Philippine Government during the life of this franchise a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations.

In the event that any competing individual, partnership or corporation receives and enjoys tax privileges and other favorable terms which tend to place

the herein grantee at any disadvantage, then such provisions shall be deemed *ipso facto* part hereof and shall operate equally in favor of the grantee.

The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation.

SEC 13. Dispersal of Ownership. - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer at least thirty percent (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC 14. Reportorial Requirement. - The grantee shall submit an annual report to Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC 15. Equality Clause. - In the event that any competing individual, partnership or corporation receives or enjoys or shall receive similar permit or franchise with terms, provisions and/or privileges more favorable than those herein granted or which tend to place the herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 16. Separability Clause. - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 17. Repealing Clause. - This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 18. *Effectivity.* – Effectivity Clause. - This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two(2) newspapers of general circulation in the Philippines.

Approved,