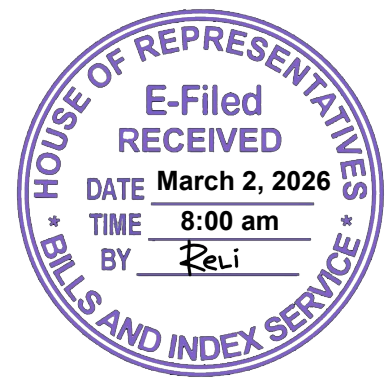


TWENTIETH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 8185

EXPLANATORY NOTE

Republic Act 9497, otherwise known as the Civil Aviation Act of 2008 was signed into law on March 4, 2008. The law abolished the Air Transportation Office (ATO) and in its stead created the Civil Aviation Authority of the Philippines (CAAP), which is mandated to set comprehensive, clear, and impartial rules for the aviation industry. Under RA 9497, the CAAP shall be an independent regulatory body with quasi-judicial and quasi-legislative powers with corporate attributes.

Prior to the passage of RA 9497, the US Federal Aviation Authority (FAA) downgraded the Philippines to Category 2 status in 2007 after finding 88 critical elements. The "downgrade" meant the FAA had concerns over the ability of its counterpart (formerly ATO) to implement global aviation standards, which include security and safety, among others.

In 2010, the EU placed Philippine air carriers on its blacklist, banning any airline from the Philippines from flying to destinations in Europe. These restrictions served as obstacles in the expansion plans of both Philippine Airlines and Cebu Pacific. The restrictions prevent airlines from the Philippines from mounting new flights from the Philippines to the US or Europe. It is likewise perceived as having a negative impact on tourism and the growth of the Philippines' air transport sector in general.

A technical review report of the FAA cited 23 "critical elements" that still have to be addressed for the improvement of the country's aviation status. The remaining "critical elements" include fine-tuning of the Philippine Civil Air Regulations, changing the CAAP's safety and oversight structure, updating its database storing system, standardizing their certification of safety inspectors, and revalidating airline carriers, among others.

The efforts of CAAP have led to the resolution of many of the regulatory concerns raised, as indicated by the restoration of the Philippines to Category 1 status in April 2014 and the lifting of the ban by the EU on Philippine carriers to mount flights into Europe.

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.

CAAP was already given positive endorsement by the European Commission when it gave the Philippines the category upgrade. This means that international aviation bodies can now "rely on CAAP's judgment regarding the safety of other airlines for in-country use" by international travelers.

There is a need to pass these amendments in order to sustain and not to derail CAAP's efforts which once again allowed carriers to offer direct flights from the Philippines to Europe

and to more destinations in the United States as it continues to work with international aviation bodies to improve and upgrade the status of Philippine aviation.

The significant amendments being proposed in this bill include:

- Increasing the term of the Director General (DG) to seven years

Increasing the DG's term of office to 7 years - in the CAAP law is consistent with the intent of strengthening CAAP as a regulatory body. The Legislature in enacting the CAAP law is sought to insulate the agency from the constantly changing political climate in the Executive Department. The mandate is to cause the restructuring of the civil aviation system, the promotion, development, and regulation of the technical, operational, safety, and aviation security functions," which can hardly be realized under a DG who has no security of tenure and would, constantly find difficulty in instituting reforms attuned to international standards in civil aviation if he is interrupted by factors other than removal for cause.

- Exemption of CAAP from the Salary Standardization Law (SSL)

The proposed exemption from the Salary Standardization Law is based the fact that the qualifications and functions performed by CAAP directors, officers, and employees are different from those performed by other "government employees" as distinctly and highly technical in nature.

ICAO relates that there is an impending global shortage of aviation professionals and aviation safety professionals. Taking the US as an example, in the next 20 years, there will be a need to add 25,000 new aircrafts to the current 17,000-strong commercial fleet. By 2026, there will be a need for 480,000 new technicians to maintain these aircrafts and over 350,000 pilots to fly them. Between 2005 and 2015, 73% of the American air traffic controller population is eligible for retirement. The underlying problem, simply stated, the demand for aviation professionals will exceed supply. The scenario is the same here in the Philippines. ICAO enumerates factors for the decline and possible shortage to include "wholesale retirements in the current generation of aviation professionals, aviation professions not attractive enough to potential candidates, competition with other industry sectors for skilled employees, training capacity insufficient to meet demand, learning methodologies not responsive to new evolving learning style, accessibility to affordable training, lack of harmonization of competencies in some aviation disciplines."

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 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.

In 2015, tourist arrivals reached an all-time high of 5.36 million. Achieving the

government's target of luring at least 10 million foreign tourists by 2022 increases certainty if the upgrade is sustained. This will certainly make the country more competitive and contribute tremendously in achieving the administration's targets in tourism."

The CAAP is the regulatory body responsible for air safety within Philippine borders. This is the reason it has to adhere to the requirements and standards set by international aviation authorities and make them feel confident that carriers under its direct supervision that fly into other jurisdictions pose no risk and meet an internationally accepted set of safety and competence standards.

Reforming air transportation is critically important to the Philippines, not so much as it is a determining factor to the full realization of the latter's potential as a tourist and business destination, but more importantly, to provide safe and efficient travel for the citizens and visitors in the country that they truly deserve.

Of paramount importance should always be guaranteeing the safety and reliability of air transportation in the Philippines. Until the flying public can be firmly reassured that any accident was not a symptom of much larger problems that increase the likelihood of another accident, any other issues become irrelevant.

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



RUFUS B. RODRIGUEZ



MAXIMO B. RODRIGUEZ, JR.

TWENTIETH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 8185

AN ACT

**STRENGTHENING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 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 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. 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 EXEMPTED 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 RA 10140 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.

xxx

(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, [T]**the Director General shall be appointed based on the qualifications herein provided and shall have a [tenure] **TERM** of office for a period of [four (4)] **SEVEN (7)** years. His appointment may be extended for another non-extendible term of [four (4)] **SEVEN (7)** 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. NO DIRECTOR GENERAL CAN SERVE IN OFFICE FOR MORE THAN FOURTEEN (14) YEARS.**

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.

xxx”

SEC. 3. 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] **REPRESENTATIVES OF THE DEPARTMENT** of Finance **FOREIGN AFFAIRS, INFORMATION AND COMMUNICATION TECHNOLOGY, INTERIOR and LOCAL GOVERNMENT, LABOR and EMPLOYMENT, NATIONAL DEFENSE, AND TOURISM;**
- (d) [The Secretary of Foreign Affairs] **TWO (2) REPRESENTATIVES FROM THE PRIVATE SECTOR TO BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FOR A TERM OF FOUR (4) YEARS RENEWABLE FOR ANOTHER TERM; 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;

- (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;]

The Directors listed under subsections [(a) to (g)] **5(c)** shall be *ex officio* members of the Board of Directors: **PROVIDED THAT, IN THE ABSENCE OF THE CHAIRMAN, HE SHALL DESIGNATE AN UNDERSECRETARY OF THE DOTR TO ACT IN HIS BEHALF AS CHAIRMAN; PROVIDED FURTHER, THAT THE DIRECTOR GENERAL, IN HIS ABSENCE, SHALL DESIGNATE HIS REPRESENTATIVE FROM THE AUTHORITY TO ACT AS VICE-CHAIRMAN:** Provided, That, in the absence of the Director appointed in subsections (c) [to (g)], the Director concerned shall designate with full power and authority, in writing, [an] **THE officer NEXT IN RANK TO HIM** in his department or office to act on his behalf as a Director.”

SEC. 4. 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. 5. 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.

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

SEC. 6. 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.

NOTWITHSTANDING ANY LAW TO THE CONTRARY, ESPECIALLY THE PERTINENT PROVISIONS OF REPUBLIC ACT NO.7656 OR THE DIVIDEND LAW. ALL EARNINGS OF THE AUTHORITY FROM COLLECTION/LEVY OF ANY AND ALL SUCH FEES, CHARGES, DUES, ASSESSMENTS AND FINES IT IS ENPOWERED TO COLLECT/LEVY UNDER THIS ACT SHALL BE USED SOLELY TO FUND THE OPERATIONS OF THE AUTHORITY. THIS SECTION 15 MAY ONLY BE MODIFIED, AMENDED, OR REPEALED EXPRESSLY BY LAW THAT

SPECIFICALLY MODIFIES, AMENDS OR REPEALS THIS SECTION OR A PORTION HEREOF.

THE INCOME GENERATED BY THE AUTHORITY FROM AIR NAVIGATIONAL CHARGES SHALL BE UTILIZED FOR COMPLIANCE WITH INTERNATIONAL STANDARDS OF SAFETY.

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). **THE COCAAP MAY REQUIRE THE AUTHORITY TO SUBMIT, FURNISH OR PROVIDE ANY AND ALL DOCUMENTS IN RELATION TO THE UTILIZATION OF FUNDS OF THE AUTHORITY AND ANY OTHER NON-FINANCIAL DOCUMENTS RELATIVE TO THE DUTIES, FUNCTIONS, OPERATIONS OF THE AUTHORITY."**

SEC. 7. 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 **AND REVISE THE SAME FROM TIME TO TIME AS IT MAY DEEM NECESSARY:** Provided, That the Board shall determine and fix the compensation, **EMOLUMENTS** 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]. **IT SHALL PROVIDE ANNUAL REVIEWS OR INCREASES BASED ON PRODUCTIVITY."**

SEC. 8. 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. 9. 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 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. 10. 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. 11. Section 24 of the same Act is hereby amended to read as follows:

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

XXX

(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;]

Xxx

[(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 edifice; 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;]

Xxx

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

Xxx

[(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;

(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; 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.]

(Q) 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) 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) THE BOARD MAY PERFORM SUCH ACTS, THRU THE DIRECTOR GENERAL OR APPROPRIATE OFFICE, CONDUCT SUCH INVESTIGATION IN THE PERFORMANCE OF ITS QUASI JUDICIAL 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. 12. 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. 13. 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. 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.]”

SEC. 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.”

SEC.16. Section 30 of the same Act is hereby amended to read as follows:

“SEC. 30. Annual Budget. **THE AUTHORITY SHALL ADOPT AN ANNUAL BUDGET TO FUND THE OPERATIONS OF THE AUTHORITY. UNLESS THE AUTHORITY SHALL REQUIRE SUBSIDY AND/OR GUARANTEE OF ITS LIABILITY FROM THE NATIONAL TREASURY, ITS BUDGET FOR THE YEAR NEED NOT BE SUBMITTED TO CONGRESS FOR APPROVAL AND INCLUSION IN THE GENERAL APPROPRIATIONS ACT. SUPPLEMENTARY BUDGET MAY BE PREPARED AND ADOPTED AT A BOARD MEETING CALLED FOR THE PURPOSE.”**

SEC.17. 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

(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, AND ADOPT A RATIONAL COMPENSATION AND BENEFITS SCHEME; 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;

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

AN AIR OPERATOR CERTIFICATE HOLDER MAY OPERATE AND USE FOREIGN-REGISTERED AIRCRAFT PROVIDED THAT THE STATE OF REGISTRATION DELEGATES TO THE DIRECTOR GENERAL THE TECHNICAL AND SAFETY OVERSIGHT FUNCTIONS OVER THE AIRCRAFT AND/OR ITS CREW, AS APPLICABLE PURSUANT TO ICAO ARTICLE 83B/S, AND SUBJECT TO SUCH RULES AND REGULATIONS PROMULGATED BY THE AUTHORITY.

(F) 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; FLIGHT INFORMATION SERVICES, ALERTING SERVICE AND AERONAUTICAL INFORMATION SERVICES WITHIN THE PHILIPPINE FLIGHT INFORMATION REGION, RULES FOR PREVENTION OF COLLISION OF AIRCRAFTS, BETWEEN AIRCRAFT AND LAND OR WATER VEHICLES AND OBJECTS, AND BETWEEN AIRCRAFT AND AIRBORNE OBJECTS; RULES FOR THE NAVIGATION, PROTECTION AND IDENTIFICATION OF AIRCRAFT; RULES FOR EFFICIENT UTILIZATION OF THE NAVIGABLE AIR SPACE; 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;

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

SEC 18. 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. 19. 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. 20. A new section 81-B is hereby inserted to read as follows:

“SEC. 81.B Notwithstanding Section 81 (b), the penalties provided under Section 81, paragraph (b), clauses (5), (6), (7), (8), (9), (10), (11), and (12), may be imposed by a

court of competent jurisdiction after the filing of a proper criminal complaint by an air operator, airman, or crew member.”

SEC. 21. A new section 84-A is hereby inserted to read as follows:

“SEC. 84-A. EXECUTION OF MONETARY JUDGMENT. -THE DIRECTOR GENERAL IS AUTHORIZED TO ENFORCE MONETARY JUDGMENTS THROUGH THE SHERIFF WHO SHALL DEMAND THE IMMEDIATE PAYMENT OF THE FULL AMOUNT STATED IN THE WRIT OF EXECUTION TO BE IMPOSED FOR EACH VIOLATION OF THIS ACT.

FOR THIS PURPOSE, THE DIRECTOR GENERAL MAY ISSUE AN ORDER DIRECTING THE SHERIFF TO REQUEST THE ASSISTANCE OF LAW ENFORCEMENT AGENCIES TO ENSURE COMPLIANCE WITH THE WRIT OF EXECUTION, ORDERS OR PROCESSES.”

SEC. 22. Section 91 of the same Act is hereby amended to read as follows:

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

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

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

SEC. 23. TRANSITORY PROVISIONS – ALL POWERS, DUTIES AND RIGHTS VESTED BY LAW AND EXERCISED BY THE AUTHORITY RELATING TO THE PLANNING, DEVELOPMENT, CONTROL, SUPERVISION, CONSTRUCTION, MAINTENANCE, OPERATION, PROVISION OF SERVICES AND FACILITIES AND THE EFFICIENT FUNCTIONING OF ALL DOMESTIC AND INTERNATIONAL AIRPORTS PURSUANT TO REPUBLIC ACT NO. 9497, SHALL REMAIN WITH THE AUTHORITY UNTIL THE AIRPORT GOVERNING AUTHORITY TASKED TO IMPLEMENT THESE FUNCTIONS IS ESTABLISHED NOT MORE THAN FIVE YEARS FROM THE EFFECTIVITY OF THIS ACT.

ALL ASSETS, REAL AND PERSONAL PROPERTIES, CONTRACTS, RECORDS AND DOCUMENTS, FUNDS AND REVENUES OWNED BY OR VESTED IN THE AUTHORITY IN RELATION TO THE ABOVE POWERS, DUTIES AND RIGHTS SHALL BE TRANSFERRED TO THE AIRPORT GOVERNING AUTHORITY. IN THE INTERIM, THE AUTHORITY SHALL SEPARATE THE DEVELOPMENTAL AND COMMERCIAL

FUNCTIONS BY IMPLEMENTING AN ORGANIZATIONAL RESTRUCTURING THAT WILL ENABLE AND ENSURE THE FUNCTIONAL SEPARATION WITHIN A PERIOD OF ONE (1) YEAR FROM THE EFFECTIVITY OF THIS ACT.

SEC. 24. *Repealing Clause* –**REPUBLIC ACT 10149 AND REPUBLIC ACT 7656 AND OTHER 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* – This Act shall take fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved,

