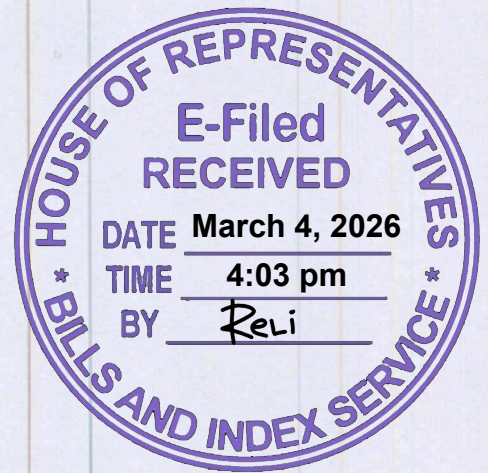




Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **8289**

Introduced by
APEC Party-List Representative Sergio C. Dagooc
PhilRECA Party-List Representative Presley C. De Jesus

EXPLANATORY NOTE

The Philippine civil aviation sector is currently governed by a dual regulatory framework that divides authority between the Civil Aviation Authority of the Philippines (CAAP), which handles technical and safety regulation, and the Civil Aeronautics Board (CAB), which exercises economic regulatory functions. This institutional separation creates regulatory overlap, administrative inefficiency, jurisdictional ambiguities, and delays in decision-making that hinder the development of a competitive and responsive aviation industry.

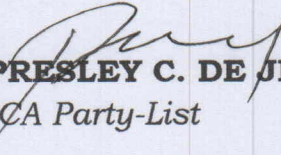
This bill consolidates all civil aviation regulatory functions, both technical/safety and economic, under a single, unified authority, which is the CAAP. By transferring all powers and functions of CAB to CAAP and repealing RA 776, this measure eliminates duplication, streamlines governance, and aligns the Philippines with international best practices where most countries maintain a single civil aviation authority exercising comprehensive regulatory oversight. The consolidation will enhance coordination between safety and economic regulation, reduce bureaucratic red tape, accelerate processing of airline applications and permits, improve consumer protection through integrated complaint mechanisms, and strengthen regulatory accountability.

By creating a modern, unified, and efficient civil aviation regulatory

framework, this legislation will promote the growth of the Philippine aviation industry, enhance consumer protection, and support the nation's economic development goals.



REP. SERGIO C. DAGOOC
APEC Party-List



REP. PRESLEY C. DE JESUS
PhilRECA Party-List



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AN ACT
AMENDING REPUBLIC ACT NO. 9497, OTHERWISE KNOWN AS THE
"CIVIL AVIATION AUTHORITY ACT OF 2008", CONSOLIDATING THE
POWERS AND FUNCTIONS OF THE CIVIL AERONAUTICS BOARD
UNDER REPUBLIC ACT NO. 776 INTO THE CIVIL AVIATION AUTHORITY
OF THE PHILIPPINES, REPEALING FOR THIS PURPOSE REPUBLIC ACT
NO. 776, AND FOR OTHER PURPOSES

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

1 **SEC 1. Declaration of Policy.** It is hereby declared the policy of the
2 State to eliminate regulatory duplication, streamline aviation governance
3 under a single unified authority, and improve regulatory efficiency in the
4 Philippine civil aviation sector by consolidating all technical, operational,
5 safety, economic, and consumer protection functions under one independent
6 regulatory body. The State recognizes that a unified civil aviation authority
7 exercising both safety and economic oversight is consistent with international
8 best practices and shall promote more efficient, transparent, and responsive
9 regulation of the Philippine aviation industry.

10 **SEC. 2.** Section 2 of Republic Act No. 9497 (R.A. No. 9497), otherwise
11 known as the "Civil Aviation Authority Act of 2008", is hereby amended to
12 read as follows:

1 **"SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the
2 State to provide safe and efficient air transport and regulatory services
3 in the Philippines by providing for the creation of a civil aviation
4 authority with jurisdiction over the restructuring of the civil aviation
5 system, the promotion, development and regulation of **BOTH** the
6 technical, operational, safety, and aviation security, **AND ECONOMIC**
7 **ASPECTS OF CIVIL AVIATION, INCLUDING THE REGULATION OF**
8 **AIR CARRIER RATES, FARES, ROUTES, SERVICE STANDARDS,**
9 **CONSUMER PROTECTION, AND THE ISSUANCE OF CERTIFICATES**
10 **OF PUBLIC CONVENIENCE AND NECESSITY** under the civil aviation
11 authority."

12 **SEC. 3.** Section 4 of Republic Act No. 9497 (R.A. No. 9497), otherwise
13 known as the "Civil Aviation Authority Act of 2008", is hereby amended to
14 read as follows:

15 "SEC. 4. Creation of the Authority. – There is hereby created an
16 independent regulatory body with quasi-judicial and quasi-legislative
17 powers and possessing corporate attributes to be known as the Civil
18 Aviation Authority of the Philippines (CAAP), hereinafter referred to as
19 the 'Authority', attached to the Department of Transportation for the
20 purpose of policy coordination. For this purpose, the existing Air
21 Transportation Office created under the provisions of Republic Act No.
22 776, as amended, is hereby abolished.

23 ~~Notwithstanding the foregoing, nothing in this Act shall diminish the~~
24 ~~powers and functions of the Civil Aeronautics Board (CAB) as provided~~
25 ~~for under Republic Act. No. 776, also known as "The Civil Aeronautics~~
26 ~~Act of the Philippines", as amended.~~

27 **ALL POWERS, FUNCTIONS, RESPONSIBILITIES, AND DUTIES**
28 **PREVIOUSLY VESTED IN THE CIVIL AERONAUTICS BOARD UNDER**
29 **REPUBLIC ACT NO. 776, AS AMENDED BY PRESIDENTIAL DECREE**
30 **NO. 1462 AND OTHER RELATED LAWS, ARE HEREBY**
31 **TRANSFERRED TO AND CONSOLIDATED WITHIN THE AUTHORITY**
32 **AND SHALL EXERCISE UNIFIED JURISDICTION OVER ALL**
33 **ASPECTS OF CIVIL AVIATION IN THE PHILIPPINES.**

34 **SEC. 4.** Section 23 of R.A. No. 9497 is hereby amended to read as
35 follows:

36 **"(k) TO ISSUE, DENY, SUSPEND, REVOKE, OR MODIFY**
37 **CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY (CPCN)**
38 **TO PHILIPPINE AIR CARRIERS ENGAGED IN DOMESTIC AIR**
39 **COMMERCE BASED ON THE CARRIER'S FITNESS, WILLINGNESS,**
40 **AND ABILITY TO PERFORM AIR TRANSPORTATION SERVICES AS**

1 **REQUIRED BY PUBLIC CONVENIENCE AND NECESSITY;**

2 **(l) TO ISSUE, DENY, SUSPEND, REVOKE, OR MODIFY FOREIGN AIR**
3 **CARRIER PERMITS (FACP) TO FOREIGN AIR CARRIERS SEEKING**
4 **TO OPERATE IN PHILIPPINE AIRSPACE OR TO PROVIDE AIR**
5 **SERVICES TO OR FROM THE PHILIPPINES, SUBJECT TO**
6 **INTERNATIONAL TREATIES AND AIR SERVICE AGREEMENTS;**

7 **(m) TO APPROVE OR DISAPPROVE APPLICATIONS FOR NEW**
8 **ROUTES, CHANGES IN ROUTES, FREQUENCIES, CAPACITIES, OR**
9 **SCHEDULES OF AIR CARRIERS HOLDING CERTIFICATES OR**
10 **PERMITS ISSUED BY THE AUTHORITY;**

11 **(n) TO INVESTIGATE, APPROVE, DISAPPROVE, OR MODIFY**
12 **MERGERS, CONSOLIDATIONS, ACQUISITIONS OF CONTROL, OR**
13 **POOLING ARRANGEMENTS INVOLVING AIR CARRIERS TO**
14 **ENSURE FAIR COMPETITION AND PROTECT THE PUBLIC**
15 **INTEREST;**

16 **(o) TO ENTER INTO, MAKE, PERFORM, AND CARRY OUT**
17 **CONTRACTS, AGREEMENTS, OR ARRANGEMENTS WITH FOREIGN**
18 **GOVERNMENTS OR INTERNATIONAL ORGANIZATIONS RELATING**
19 **TO INTERNATIONAL AIR TRANSPORT RIGHTS, SUBJECT TO**
20 **APPROVAL BY THE PRESIDENT OF THE PHILIPPINES AND**
21 **CONCURRENCE OF THE SENATE WHERE REQUIRED BY THE**
22 **CONSTITUTION; and**

23 ~~(k)~~ **(p)** To perform such other acts, as are necessary or convenient in
24 connection with the performance of its functions, to carry out the
25 purposes of this Act.

26 **SEC. 5.** Section 24 of R.A. No. 9497 is hereby amended to read as
27 follows:

28 **"(t) TO FIX, DETERMINE, APPROVE, DISAPPROVE, OR MODIFY**
29 **REASONABLE RATES, FARES, AND CHARGES WHICH AN AIR**
30 **CARRIER MAY DEMAND, COLLECT, OR RECEIVE FOR AIR**
31 **TRANSPORTATION SERVICES, ENSURING THAT SUCH RATES,**
32 **FARES, AND CHARGES ARE JUST, REASONABLE, NOT UNDULY**
33 **PREFERENTIAL, NOT UNDULY DISCRIMINATORY, AND**
34 **CONSISTENT WITH PUBLIC INTEREST;**

35 **(u) TO ESTABLISH MINIMUM SERVICE STANDARDS FOR AIR**
36 **CARRIERS, INCLUDING STANDARDS FOR BAGGAGE HANDLING,**
37 **SCHEDULE RELIABILITY, PASSENGER INFORMATION,**
38 **REBOOKING AND OVERBOOKING POLICIES, REFUND**
39 **PROCEDURES, AND ACCESSIBILITY FOR PERSONS WITH**
40 **DISABILITIES;**

1 (v) TO INVESTIGATE COMPLAINTS AGAINST AIR CARRIERS FOR
2 VIOLATIONS OF ECONOMIC REGULATIONS, CONSUMER
3 PROTECTION RULES, SERVICE STANDARDS, OR UNFAIR TRADE
4 PRACTICES, AND TO CONDUCT HEARINGS AND ISSUE ORDERS TO
5 REMEDY VIOLATIONS;

6 (w) TO IMPOSE ADMINISTRATIVE FINES, PENALTIES, SANCTIONS,
7 OR OTHER REMEDIAL MEASURES AGAINST AIR CARRIERS,
8 FOREIGN AIR CARRIERS, OR AVIATION SERVICE PROVIDERS FOR
9 VIOLATIONS OF ECONOMIC REGULATIONS, OPERATING
10 CERTIFICATES, SERVICE STANDARDS, OR CONSUMER
11 PROTECTION RULES;

12 (x) TO REQUIRE AIR CARRIERS TO FILE PERIODIC REPORTS,
13 FINANCIAL STATEMENTS, TRAFFIC DATA, OPERATIONAL
14 STATISTICS, AND OTHER INFORMATION NECESSARY FOR
15 ECONOMIC REGULATION AND INDUSTRY MONITORING;

16 (y) TO REGULATE AND OVERSEE GENERAL SALES AGENTS,
17 CARGO SALES AGENTS, AIR FREIGHT FORWARDERS, AND OTHER
18 AVIATION INTERMEDIARIES BY ISSUING LETTERS OF
19 AUTHORITY OR OTHER AUTHORIZATIONS, AND ENSURING THEIR
20 FITNESS AND COMPLIANCE WITH APPLICABLE REGULATIONS;

21 (z) TO ISSUE CEASE AND DESIST ORDERS AGAINST ANY PERSON
22 OR ENTITY ENGAGED IN UNAUTHORIZED AIR COMMERCE OR
23 AVIATION SERVICES IN VIOLATION OF THIS ACT OR
24 REGULATIONS ISSUED HEREUNDER;

25 (aa) TO ESTABLISH AND MAINTAIN A TRANSPARENT SYSTEM FOR
26 THE ALLOCATION OF ROUTE RIGHTS, AIRPORT SLOTS, AND
27 OTHER SCARCE AVIATION RESOURCES IN A MANNER THAT
28 PROMOTES FAIR COMPETITION AND OPTIMAL UTILIZATION;

29 (bb) TO COORDINATE WITH THE DEPARTMENT OF FOREIGN
30 AFFAIRS, DEPARTMENT OF TRANSPORTATION, AND OTHER
31 RELEVANT AGENCIES IN THE NEGOTIATION AND
32 IMPLEMENTATION OF INTERNATIONAL AIR SERVICE
33 AGREEMENTS, AIR TRANSPORT AGREEMENTS, AND AVIATION
34 SAFETY AGREEMENTS;

35 (cc) TO ESTABLISH RULES FOR THE PROTECTION OF CONSUMER
36 RIGHTS, INCLUDING BUT NOT LIMITED TO DENIED BOARDING
37 COMPENSATION, DELAY COMPENSATION, CANCELLATION
38 POLICIES, REFUND PROCEDURES, BAGGAGE LIABILITY, AND
39 DISCLOSURE REQUIREMENTS;

40 (dd) TO MONITOR COMPLIANCE WITH FRANCHISE CONDITIONS

1 IMPOSED BY CONGRESS ON AIR CARRIERS HOLDING
2 LEGISLATIVE FRANCHISES, AND TO REPORT TO CONGRESS ANY
3 VIOLATIONS OR NON-COMPLIANCE;

4 (ee) TO REVIEW AND APPROVE OR DISAPPROVE CODESHARE
5 AGREEMENTS, INTERLINE AGREEMENTS, AND OTHER
6 COOPERATIVE ARRANGEMENTS BETWEEN AIR CARRIERS TO
7 ENSURE THEY DO NOT UNDULY RESTRICT COMPETITION OR
8 HARM CONSUMER INTERESTS; and

9 (ff) TO EXERCISE ALL OTHER POWERS, FUNCTIONS, AND
10 RESPONSIBILITIES PREVIOUSLY VESTED IN THE CIVIL
11 AERONAUTICS BOARD UNDER REPUBLIC ACT NO. 776,
12 PRESIDENTIAL DECREE NO. 1462, AND ALL RELATED LAWS,
13 DECREES, EXECUTIVE ORDERS, RULES, AND REGULATIONS."

14 **SEC. 6.** Section 25 of R.A. No. 9497 is hereby amended to read as
15 follows:

16 "SEC. 25. *Issuance of Rules and Regulations.* - The Board, in
17 consultation with the Director General, shall issue and provide for the
18 enforcement of such orders, rules and regulations as may be necessary
19 to give effect to the provisions of this Act. All rules and regulations
20 issued in accordance with the provisions of this Act shall be formally
21 promulgated and periodically reviewed and updated in accordance with
22 the requirements of the Administrative Code of the Philippines or any
23 amendment or successor thereto and the International Civil Aviation
24 Organization Standards and Recommended Practices. Pending the
25 promulgation of such new rules and regulations, the current rules and
26 regulations of the AT0 shall continue to apply.

27 "IN ISSUING RULES AND REGULATIONS FOR ECONOMIC
28 REGULATION OF AIR CARRIERS, THE BOARD SHALL ENSURE
29 THAT SUCH RULES PROMOTE FAIR COMPETITION, PROTECT
30 CONSUMER INTERESTS, PREVENT ANTI-COMPETITIVE
31 PRACTICES, ENSURE TRANSPARENCY IN FARE SETTING, AND
32 ARE CONSISTENT WITH THE PHILIPPINES' OBLIGATIONS UNDER
33 INTERNATIONAL TREATIES AND AIR SERVICE AGREEMENTS.
34 THE BOARD SHALL CONDUCT PUBLIC CONSULTATIONS WITH AIR
35 CARRIERS, CONSUMER GROUPS, AND OTHER STAKEHOLDERS
36 PRIOR TO THE PROMULGATION OF MAJOR ECONOMIC
37 REGULATIONS."

38 **SEC. 7.** Section 33-A is hereby inserted into R.A. No. 9497 and shall
39 respectively read as follows:

40 "SEC. 33-A. ACCOUNTABILITY AND TRANSPARENCY IN ECONOMIC

1 **REGULATION. - THE AUTHORITY SHALL PUBLISH AN ANNUAL**
2 **REPORT ON THE STATE OF THE PHILIPPINE AVIATION**
3 **INDUSTRY. THE REPORT SHALL BE SUBMITTED TO THE**
4 **PRESIDENT AND TO CONGRESS AND MADE PUBLICLY AVAILABLE.**

5 **(A) TRANSPARENCY IN FARE REGULATION - THE AUTHORITY**
6 **SHALL ESTABLISH A TRANSPARENT PROCESS FOR REVIEWING**
7 **AND APPROVING FARES. AIR CARRIERS SHALL FILE PROPOSED**
8 **FARES WITH SUPPORTING COST DATA AND JUSTIFICATION. THE**
9 **AUTHORITY MAY APPROVE, DISAPPROVE, OR MODIFY**
10 **PROPOSED FARES BASED ON CRITERIA OF REASONABLENESS,**
11 **NON-DISCRIMINATION, AND PUBLIC INTEREST. APPROVED**
12 **FARES SHALL BE PUBLISHED AND ACCESSIBLE TO THE PUBLIC.**

13 **(B) CONSUMER COMPLAINT MECHANISM - THE AUTHORITY**
14 **SHALL ESTABLISH AN ACCESSIBLE, EFFICIENT, AND IMPARTIAL**
15 **SYSTEM FOR RECEIVING, INVESTIGATING, AND RESOLVING**
16 **CONSUMER COMPLAINTS AGAINST AIR CARRIERS. THE**
17 **AUTHORITY SHALL ISSUE PERIODIC REPORTS ON COMPLAINT**
18 **STATISTICS, RESOLUTION RATES, AND ENFORCEMENT ACTIONS**
19 **TAKEN.**

20 **(C) INDEPENDENCE AND CONFLICT OF INTEREST - MEMBERS OF**
21 **THE BOARD, THE DIRECTOR GENERAL, AND ALL OFFICIALS AND**
22 **EMPLOYEES INVOLVED IN ECONOMIC REGULATION SHALL BE**
23 **SUBJECT TO STRICT CONFLICT OF INTEREST RULES AS**
24 **PROVIDED IN SECTION 6 OF THIS ACT.**

25 **SEC 8. Transfer of Functions and Assets.** All powers, functions,
26 duties, and responsibilities of the Civil Aeronautics Board (CAB) under
27 Republic Act No. 776, as amended by Presidential Decree No. 1462 and other
28 related laws, shall be transferred to and assumed by the Civil Aviation
29 Authority of the Philippines (CAAP).

30 Any reference to the CAB in any existing law, executive order,
31 administrative order, presidential proclamation, rules and regulations, and
32 other issuances, shall hereafter refer to the CAAP.

33 The CAAP shall, by virtue of this Act, be subrogated to all the rights and
34 assume all the liabilities, funds, records, properties, assets, equipment,
35 necessary personnel, and unexpended appropriations or allocations of the
36 CAB.

37 **SEC 9. Transition Period.** All transfer of functions, assets, personnel
38 and all pending cases, applications, and other matters from the CAB to the
39 CAAP shall be completed within one hundred eighty (180) days from the
40 effectivity of this Act. Accordingly, all applications for permits and licenses,

1 and cases pending with CAB upon the effectivity of this Act and filed during
2 the transition period shall continue to be acted upon by the incumbents until
3 the rules and regulations as provided under this Act shall have been in force.

4 Within fifteen (15) days from the effectivity of this Act, the Secretary of
5 Transportation, in coordination with the Director General of CAAP and the
6 Executive Director of CAB, shall create a transition committee composed of
7 representatives from the Department of Transportation, CAAP, CAB, the
8 Department of Budget and Management, and the Civil Service Commission.
9 The transition committee shall oversee and facilitate the orderly transfer of
10 functions, preparation of organizational structure, harmonization of systems
11 and procedures, integration of personnel, and transfer of assets and records.

12 During the transition period, the CAB shall continue to perform its
13 functions and exercise its powers to ensure continuity of regulatory oversight.
14 The CAAP may, at any time during the transition period, assume specific
15 functions from the CAB as determined by the transition committee to be
16 operationally ready for transfer.

17 **SEC 10. Abolition of the Civil Aeronautics Board.** The Civil
18 Aeronautics Board (CAB) under Republic Act No. 776, as amended by
19 Presidential Decree No. 1462 and other related laws, is hereby abolished.

20 All powers, duties and rights vested by law and exercised by the CAB is
21 hereby transferred to the Civil Aviation Authority of the Philippines (CAAP).

22 All assets, real and personal properties, funds and revenues owned by
23 or vested in the CAB are transferred to the CAAP. All contracts, records and
24 documents relating to the operations of the abolished agency and its offices
25 and branches are likewise transferred to the CAAP. Any real property owned
26 by the national government or government-owned corporation or authority
27 which is being used and utilized as office or facility by the CAB shall be
28 transferred and titled in favor of the CAAP.

29 All pending applications, cases, investigations, complaints,
30 administrative proceedings, and other matters before the CAB at the time of
31 effectivity of this Act are hereby transferred to CAAP for continuation,
32 resolution, and disposition. CAAP shall have full jurisdiction to continue
33 hearings, receive evidence, and render decisions on all such transferred
34 matters. All evidence, records, and documents relating to pending matters
35 shall be transferred to CAAP.

36 **SEC 11. Transfer and Absorption of Personnel.** All personnel,
37 whether permanent, temporary, casual, or contractual, of the CAB are hereby
38 transferred to and absorbed by the CAAP with full retention of civil service
39 eligibility, rank, salary grade, step increment, benefits, leave credits,
40 retirement rights, and security of tenure.

1 No employee shall be terminated or suffer reduction in rank or salary
2 by reason of this transfer. The CAAP shall conduct a comprehensive skills
3 inventory within ninety (90) days of effectivity and assign transferred
4 personnel to appropriate positions based on qualifications and organizational
5 requirements.

6 Personnel who choose not to transfer may avail of separation benefits
7 in accordance with existing laws.

8 **SEC 12. Implementing Rules and Regulations.** The Transition
9 Committee shall promulgate the implementing rules and regulations within
10 one hundred twenty (120) days from the effectivity of this Act.

11 Pending promulgation of new rules, existing CAB Rules and Regulations
12 shall continue to apply insofar as they are not inconsistent with this Act.

13 **SEC 13. Appropriations.** The amount necessary for the
14 implementation of the provisions of this Act shall be charged against the
15 current year's appropriations of the CAB. Thereafter, such sums as may be
16 necessary for the continued implementation of this Act shall be included in
17 the annual General Appropriations Act.

18 **SEC 15. Separability Clause.** If any part or provision of this Act shall
19 be declared unconstitutional, the other parts or provisions hereof which are
20 not affected thereby, shall continue in full force and effect.

21 **SEC 16. Repealing Clause.** Republic Act No. 776, otherwise known as
22 "The Civil Aeronautics Act of the Philippines," as amended by Presidential
23 Decree No. 1462 and all other related laws, presidential decrees, executive
24 orders, administrative orders, rules, regulations, or parts thereof insofar as
25 they relate to the creation, powers, functions, and operations of the Civil
26 Aeronautics Board, are hereby repealed.

27 All other laws, decrees, executive orders, rules, regulations, or parts
28 thereof inconsistent with the provisions of this Act are hereby repealed,
29 amended, or modified accordingly.

30 **SEC 17. Effectivity.** This Act shall take effect fifteen (15) days after its
31 complete publication in the Official Gazette or in two (2) newspapers of general
32 circulation.

33 *Approved,*