

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

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S E N A T E

S. No. 460

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

In the 30's and 40's, Iloilo used to be the leading trade and commercial hub for western Visayas. Its port had been serving international shipping since 1855, handling sugar and fertilizer shipments for the international market.

Iloilo's strategic geographical location makes it a potential interregional distribution center. Located on the third largest island of the Philippines, Iloilo is central to the entire Region VI consisting of the islands of Panay and Guimaras and the Province of Negros occidental with a market of not less than five million people. More than 75% of the country's land area lies within a 500 kilometer radius of Iloilo, encompassing Manila and the nation's main industrial centers. Within this area is a potential market of more than 32 million people.

The seaport of Iloilo is one of the most ideal in the country and offers optimum accessibility for goods coming in from the ASEAN, Africa, the Middle East, and Europe, affording it a high potential of becoming an international transshipment point. Iloilo could serve as a consolidation center for both importable and exportable commodities.

The Western Visayas region has a rich cultural heritage of gracious living, exquisite culinary arts, historic buildings and monuments and scenic spots that draw tourist traffic from domestic and international markets.

This bill proposed to create the Panay-Iloilo International Airport Authority, a major building block in the integrated transport system that should spur economic development in the Western Visayas region. Where natural endowments and other infrastructure such as seaports, roads, bridges, and communication facilities are already in place, government investment in an airport facility Iloilo City would yield much in social and economic benefits.

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

S. Osmeña III
SERGIO OSMEÑA III
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC)
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Introduced by Senator S. R. Osmeña III

AN ACT
CREATING THE PANAY-ILOILO INTERNATIONAL AIRPORT AUTHORITY,
TRANSFERRING EXISTING ASSETS OF THE ILOILO AIRPORT TO THE
AUTHORITY, VESTING THE AUTHORITY WITH POWER TO ADMINISTER
AND OPERATE THE PANAY-ILOILO INTERNATIONAL AIRPORT, AND FOR
OTHER PURPOSES

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

1 Section 1. **Title.** — This Act shall be known and cited as the "Charter of
2 the Panay-Iloilo International Airport Authority."

3 Section 2. **Creation of the Panay-Iloilo International Airport Authority.**
4 — There is hereby established a body corporate to be known as the Panay-Iloilo
5 International Airport Authority, hereinafter referred to as the Authority, which shall
6 be attached to the Department of Transportation and Communications. The
7 principal office of the Authority shall be located at the Iloilo Airport or at its new
8 location in Cabanatuan, Province of Iloilo.

9 The Authority may have such branches, agencies or subsidiaries as it may
10 deem proper and necessary.

11 Section 3. **Primary Purposes and Objectives.** — The Authority shall
12 principally undertake the economical, efficient and effective control, management
13 and supervision of the Iloilo Airport in the Province of Iloilo, and such other
14 airports as may be established in the Province of Iloilo. In addition, it shall have
15 the following objectives:

- 1 (a) To encourage, promote and develop international and domestic air traffic
2 in the Panay Region as a means of making the region centers of
3 international trade and tourism, and accelerating the development of the
4 means of transportation and communications in the country; and
- 5 (b) To upgrade the services and facilities of the airport and to formulate
6 internationally acceptable standards of airport accommodation and
7 service.

8 Section 4. **Functions, Powers and Duties.** — The Authority shall have
9 the following functions, powers and duties:

- 10 (a) To formulate a comprehensive and integrated development policy and
11 program for the airport and to implement, review and update such policy
12 and program periodically;
- 13 (b) To control, supervise, construct, maintain, operate and provide such
14 facilities or services as shall be necessary for the efficient functioning of
15 the airport;
- 16 (c) To promulgate rules and regulations governing the planning, development,
17 maintenance, operation and improvement of the airport, and to control and
18 supervise the construction of any structure or the rendition of any service
19 within the airport;
- 20 (d) To exercise all the powers of a corporation under the Corporation Code of
21 the Philippines, insofar as those powers are not inconsistent with the
22 provisions of this Act;
- 23 (e) To acquire, purchase, own, administer, lease, mortgage, sell or otherwise
24 dispose of any land, building, airport facility, or property of whatever kind
25 and nature, whether movable or immovable, or any interest therein:
26 Provided, That any asset located in the Iloilo Airport important to national

1 security shall not be subject to alienation or mortgage by the Authority nor
2 to transfer to any entity other than the National Government;

3 (f) To exercise the power of eminent domain in the pursuit of its purposes
4 and objectives;

5 (g) To levy and collect dues, charges, fees or assessments for the use of
6 airport premises, works, appliances, facilities or concessions, or for any
7 service provided by the Authority;

8 (h) To retain and appropriate dues, fees, and charges collected by the
9 Authority relative to the use of airport premises for such measures as may
10 be necessary to make the Authority more effective and efficient in the
11 discharge of its assigned tasks;

12 (i) To invest its idle funds, as it may deem proper, in government securities
13 and other evidences of indebtedness; and

14 (j) To provide services, whether on its own or otherwise, within the airports
15 and the approaches thereof as may be necessary or in connection with
16 the maintenance and operation of the airports and their facilities.

17 Section 5. **Police Authority.** — The Authority shall have the power to
18 exercise such police authority as may be necessary within its premises or areas
19 of operation to carry out its functions and attain its purposes and objectives:
20 Provided, That the Authority may request the assistance of law enforcement
21 agencies, including request for deputization as may be required. Such police
22 authority shall be exercised in connection with the following, among others:

23 (a) Maintenance of security of passengers, cargoes, aircraft, airport
24 equipment, structures, facilities, personnel, funds and documents;

25 (b) Regulating the entry to, exit from and movement within the airports;

26 (c) Maintenance of peace and order within the premises of the airports;

- 1 (d) Regulation and supervision of private security agencies operating in the
2 airports;
- 3 (e) Enforcement of rules and regulations promulgated by the Authority
4 pursuant to law; and
- 5 (f) In case of emergencies or imminent danger involving national security
6 within the airport premises, the Philippine Air Force Security Command
7 shall take charge.

8 Section 6. **Board of Directors.** — The corporate powers of the Authority
9 shall be exercised by and vested in a Board of eleven (11) members, which shall
10 be composed of a Chairman, a Vice-Chairman and nine (9) members. The
11 Secretary of Transportation and Communications and the General Manager of
12 the Authority shall be the ex officio Chairman and Vice-Chairman of the Board,
13 respectively. The Assistant Secretary of the Air Transportation Office and the
14 Secretaries of the following executive departments or any Undersecretary or
15 Assistant Secretary permanently designated by the respective Secretaries shall
16 be ex officio members, to wit: the Department of Finance, the Department of
17 Justice and the Department of Tourism. In addition, five (5) members from the
18 private sector recommended by the governors of the Provinces of Iloilo, Aklan,
19 Capiz, Guimaras and Antique shall be appointed by the President of the
20 Philippines for a term of four (4) years.

21 The Board shall promulgate its rules relative to meetings, quorum
22 requirements and compensation or allowances of the members of the Board.

23 Section 7. **Functions, Powers and Duties of the Board.** — In addition
24 to the powers vested in the Board under the other sections of this Act, the Board
25 shall have the following functions, powers and duties:

- 1 (a) To define and approve the programs, plans, policies, procedures and
2 guidelines of the Authority for the development and operation of the
3 airports;
- 4 (b) To appoint the General Manager of the Authority who shall be the chief
5 executive officer of the Authority;
- 6 (c) To approve the Authority's organizational and administrative structure,
7 staffing pattern, operating and capital expenditures, and financial budgets,
8 upon recommendation of the General Manager, subject to existing laws,
9 rules and regulations;
- 10 (d) To approve salaries, benefits and other terms and conditions of service for
11 all officers and employees of the Authority, upon recommendation of the
12 General Manager, which shall, as far as possible, be competitive with
13 those offered in the private sector, subject to existing laws, rules and
14 regulations;
- 15 (e) To fix the rate dues, charges, fees or assessments for the use of airport
16 premises, works, appliances, facilities, concessions, services and other
17 fees and charges related to the activities of the airports, upon
18 recommendation of the General Manager; and
- 19 (f) Generally, to exercise all the functions and powers necessary or incidental
20 to attain the purposes and objectives of this Act.

21 **Section 8. *Functions, Powers and Duties of the General Manager.* —**

22 The General Manager shall be directly responsible to the Board and shall have
23 the following functions, powers and duties:

- 24 (a) To direct and supervise the day-to-day management, operation and
25 administration of the airport;
- 26 (b) To implement and enforce decisions, orders, rules and regulations issued,
27 prescribed or adopted by the Board;

- 1 (c) To undertake researches, studies, investigations and other activities
2 related to the present operations and future improvement of the airport,
3 and to submit comprehensive reports and appropriate recommendation to
4 the Board for proper action;
- 5 (d) To appoint, transfer, suspend, remove or otherwise discipline any
6 subordinate officer or employee of the Authority, subject to the approval of
7 the Board and in accordance with the existing rules and regulations of the
8 Civil Service Commission;
- 9 (e) Within the limits of the authority delegated to him by the Board, to execute
10 contracts, incur obligations, acquire and dispose of assets and deliver
11 documents on behalf of the Authority;
- 12 (f) To grant permits or concessions to do business within the airport in
13 accordance with such rules and regulations to be promulgated by the
14 Authority for the purpose; and
- 15 (g) To perform such other duties as the Board may delegate or assign, and
16 such acts as may be necessary and proper to implement this Act.

17 Section 9. **Capital.** — The Authority shall have an authorized capital
18 stock equal to and consisting of:

- 19 (a) The value of fixed assets (including airport facilities, runways and
20 equipment) and such other properties, movable and immovable, currently
21 administered by or belonging to the airport as valued on the date of the
22 effectivity of this Act;
- 23 (b) The value of such real estate owned and/or administered by the airport;
24 and
- 25 (c) Government contribution in such amount as may be deemed an
26 appropriate initial balance. Such initial amount, as approved by the
27 President of the Philippines, which shall be more or less equivalent to six

1 (6) months working capital requirement of the Authority, is hereby
2 authorized to be appropriated in the General Appropriations Act of the
3 year following its enactment into law.

4 Thereafter, the government contribution to the capital of the Authority shall
5 be provided for in the General Appropriations Act.

6 Section 10. **Auditor.** — The Commission on Audit shall appoint a
7 representative who shall be the auditor of the Authority, together with the
8 necessary personnel to assist said representative in the performance of his
9 duties. The number and salaries of the auditor and said personnel shall be
10 determined by the Chairman of the Commission on Audit, subject to the rules
11 and regulations of the Commission on Audit.

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

16 Section 11. **Annual Report.** — The Board shall submit to the President of
17 the Philippines through the Department of Transportation and Communications
18 and to both Houses of the Congress of the Philippines, together with the audit
19 report on the relevant accounts, an annual report generally dealing with the
20 activities and operations of the Authority.

21 Section 12. **Applicability of Civil Service Laws.** — The Authority and its
22 officials and employees shall be subject to the Civil Service Law and its rules and
23 regulations.

24 Section 13. **Borrowing Power.** — The Authority may, in accordance with
25 Section 21, Article XII of the Constitution and other existing laws, rules and
26 regulations on local or foreign borrowing, raise funds, either from local or
27 international sources, by way of loans, credit or securities, and other borrowing

1 instruments with the power to create pledges, mortgages and other voluntary
2 liens or encumbrances on any of its assets or properties, subject to the prior
3 approval of the President of the Philippines.

4 All loans contracted by the Authority under this section, together with all
5 interests and other sums payable in respect thereof, shall constitute a charge
6 upon all the revenues and assets of the Authority and shall rank equally with one
7 another, but shall have priority over any other claim or charge on the revenue
8 and assets of the Authority: Provided, That this provision shall not be construed
9 as a prohibition or restriction on the power of the Authority to create pledges,
10 mortgages and other voluntary liens or encumbrances on any asset or property
11 of the Authority.

12 The payment of the loans or other indebtedness of the Authority may be
13 guaranteed by the National Government subject to the approval of the President
14 of the Philippines.

15 Section 14. **Tax Exemptions.** — The Authority shall be exempt from
16 realty taxes imposed by the National Government or any of its political
17 subdivisions, agencies and instrumentalities: Provided, That no tax exemption
18 herein granted shall extend to any subsidiary which may be organized by the
19 Authority.

20 Section 15. **Transfer of Existing Facilities and Intangible Assets.** —
21 All existing public airport facilities, runways, lands, buildings and other properties,
22 movable or immovable, belonging to or presently administered by the airports,
23 and all assets, powers, rights, interest and privileges relating to airport works or
24 air operations, including all equipment which are necessary for the operation of
25 air navigation, aerodrome control towers, crash, fire, and rescue facilities are
26 hereby transferred to the Authority: Provided, however, That the operational
27 control of all equipment necessary for the operation of radio aids to air.

1 navigation, airways communication, the approach control office, and the area
2 control center shall be retained by the Air Transportation Office. No equipment,
3 however, shall be removed by the Air Transportation Office from Iloilo without the
4 concurrence of the Authority. The Authority may assist in the maintenance of the
5 Air Transportation Office equipment.

6 Section 16. **Projects in Progress.** — All ongoing projects relating to the
7 construction of airport facilities and supply of equipment shall be administered
8 and undertaken by the Authority.

9 Section 17. **Transfer of Liabilities and Debts.** — Upon the transfer to
10 and acceptance by the Authority of the existing physical facilities, intangible
11 assets and completed projects referred to in the preceding sections, all debts,
12 liabilities, and obligations of government agencies or entities concerned in
13 respect of such physical facilities, tangible assets and completed projects within
14 the airport shall likewise be assumed by the Authority.

15 Section 18. **Abolition of the Iloilo Airport as a Division in the Air**
16 **Transportation Office.** — The Iloilo Airport as a division under the Air
17 Transportation Office, is hereby abolished. The Airport General Manager of the
18 Iloilo Airport shall continue in office and shall perform all powers and functions of
19 the Authority until such time as the General Manager is appointed for the smooth
20 transfer of responsibility from the abolished entity to the Authority, as well as the
21 determination of personnel to be retained: Provided, That all officials and
22 employees whose services are terminated shall, if not eligible for retirement, be
23 given gratuities equivalent to one (1) month salary for every year of continuous
24 satisfactory service on the basis of the highest salary received in addition to other
25 benefits accorded to them by existing laws.

26 Section 19. **Repealing Clause.** — All laws, executive orders, letters of
27 instruction, rules and regulations, or provisions thereof which are inconsistent

1 with the provisions of this Act are hereby repealed, amended or modified
2 accordingly.

3 Section 20. **Separability Clause.** — If any portion hereof shall be held
4 invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the
5 other provisions which shall remain in full force and effect.

6 Section 21. **Effectivity.** — This Act shall take effect fifteen (15) days
7 after its publication in at least two (2) national newspapers of general circulation.

Approved.