

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



Senate
Office of the Secretary

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SENATE
S.B. No. 1213

RECEIVED BY: 

INTRODUCED BY SENATOR JUAN MIGUEL F. ZUBIRI

**AN ACT CREATING THE DAVAO INTERNATIONAL AIRPORT AUTHORITY
TO ADMINISTER AND OPERATE THE FRANCISCO BANGOY
INTERNATIONAL AIRPORT AND APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

Davao City is the largest and one of the most progressive cities in the country. It serves as the central hub for trade, industry, education, and tourism in Mindanao. The Francisco Bangoy International Airport (FBIA) located in Davao is the main portal to the city and the region, and the third-busiest airport in the Philippines. It also serves as the gateway to the sub-regional trade block known as the East Asian Growth Area, which is the center of economic cooperation in Southeast Asia, aiming to accelerate trade, tourism, and investment among its member countries such as the Philippines, Malaysia, Brunei, and Indonesia.

Clearly, the FBIA, as one of the main transportation hubs in the region, plays a crucial role in the economic growth and development of Mindanao. It is in the interest of the public at large that we facilitate the efficient and effective administration of FBIA, in order to promote tourism and boost trade and industrial relations, both foreign and domestic.

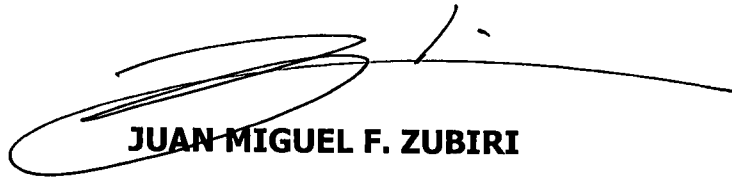
With the current adoption of the "open sky policy" of the Aquino administration, it is the best time to enhance the quality of service and competitiveness of FBIA. Thus, this bill proposes the creation of the Davao International Airport Authority, a body principally tasked with the economical, efficient, and effective control, management, and supervision of the FBIA, and such other airports as may be established in the provinces of Davao.

At present, the FBIA is ranked 26th in *The Guide to Sleeping in Airports'* top 30 best airports in Asia for 2016.¹ By establishing a centralized body clothed with the powers and authority to steer FBIA toward its fullest potential, FBIA will likely develop into a first-class international airport which delivers safe and efficient air transport service, an essential element of any thriving economy.

The creation of the Davao International Airport Authority will have a positive impact on the economic development of the Davao region, as well as spur economic activity in the surrounding provinces in Mindanao. It will also play a significant role in the quest of Davao to emerge as the premier socio-economic tourism hub not only in the Philippines, but also in the Asia-Pacific Region.

¹ <http://www.rappler.com/business/industries/aviation-tourism/149529-iloilo-cebu-clark-davao-asia-best-airports-list>

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



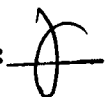
JUAN MIGUEL F. ZUBIRI



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Introduced by Sen. Juan Miguel F. Zubiri

1 AN ACT

2 CREATING THE DAVAO INTERNATIONAL AIRPORT AUTHORITY TO
3 ADMINISTER AND OPERATE THE FRANCISCO BANGOY INTERNATIONAL
4 AIRPORT AND APPROPRIATING FUNDS THEREFOR

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

7 SECTION 1. **Short Title.** – This Act shall be known and cited as the “*Charter of*
8 *the Davao International Airport Authority.*”

9 SEC. 2. **Davao International Airport Authority.** – There is hereby
10 established a body corporate to be known as the Davao International Airport Authority,
11 hereinafter referred to as “Authority,” which shall be attached to the Department of
12 Transportation and Communications. The principal office of the Authority shall be
13 located at the Francisco Bangoy International Airport in Davao City.

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

16 SEC. 3. **Objectives.** – The Authority shall principally undertake the economical,
17 efficient and effective control, management and supervision of the Francisco Bangoy
18 International Airport in Davao City and such other airports as may be established in any
19 of the provinces of Davao del Sur, Davao del Norte, Compostela Valley and Davao
20 Oriental.

21 In addition, the Authority shall have the following objectives:

22 a) Encourage, promote and develop international and domestic air traffic in
23 Davao Region as a means of making the region a center of international trade and

1 tourism, and accelerating the development of the means of transportation and
2 communications in the country; and

3 b) Upgrade the services and facilities of the Francisco Bangoy International
4 Airport and formulate internationally acceptable standards of airport accommodation
5 and service.

6 SEC. 4. ***Duties and Functions.*** – The Authority shall exercise the following
7 duties and functions:

8 a) Formulate a comprehensive and integrated development policy and
9 program for the Francisco Bangoy International Airport and implement, review and
10 update such policy and program periodically;

11 b) Control, supervise, construct, maintain, operate and provide such facilities
12 or services as shall be necessary for the efficient functioning of the Francisco Bangoy
13 International Airport;

14 c) Promulgate rules and regulations governing the planning, development,
15 maintenance, operation and improvement of the Francisco Bangoy International Airport,
16 and control and supervise the construction of any structure or the rendition of any
17 service within the Francisco Bangoy International Airport;

18 d) Exercise all the powers of a corporation under Batas Pambansa Blg. 68,
19 otherwise known as the "*Corporation Code of the Philippines,*" insofar as those powers
20 are not inconsistent with the provisions of this Act;

21 e) Acquire, purchase, own, administer, lease, mortgage, sell or otherwise
22 dispose of any land, building, airport facility, or property of whatever kind and nature,
23 whether movable or immovable, or any interest therein: *Provided,* That any asset
24 located in the Francisco Bangoy International Airport important to national security shall
25 not be subject to alienation or mortgage by the Authority nor to transfer to any entity
26 other than the National Government;

1 f) Exercise the power of eminent domain in the pursuit of its purposes and
2 objectives;

3 g) Levy and collect dues, charges, fees or assessments for the use of airport
4 premises, works, appliances, facilities or concessions, or for any service provided by the
5 Authority;

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

9 i) Invest its idle funds, as it may deem proper, in government securities and
10 other evidences of indebtedness; and

11 j) Provide services, whether on its own or otherwise, within the Francisco
12 Bangoy International Airport and the approaches thereof as may be necessary or in
13 connection with the maintenance and operation of the Francisco Bangoy International
14 Airport and their respective facilities.

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

21 (a) Maintenance of security to passengers, cargoes, aircraft, airport
22 equipment, structures, facilities, personnel, funds and documents;

23 (b) Regulation of the entry to, exits from and movement within the airports;

24 (c) Maintenance of peace and order within the premises of the Francisco
25 Bangoy International Airport;

26 (d) Regulation and supervision of private security agencies operating in the
27 Francisco Bangoy International Airport;

1 (e) Enforcement of rules and regulations promulgated by the Authority
2 pursuant to law; and

3 (f) In case of emergencies or imminent danger involving national security
4 within the airport premises, the Philippine Air Force Security Command shall take
5 charge.

6 SEC. 6. **Board of Directors.** – The corporate powers of the Authority shall be
7 exercised by and vested in the Board of Directors which shall be composed of a
8 Chairman, a Vice-Chairman and nine (9) members. The Secretary of Transportation
9 and Communications and the General Manager of the Authority shall be the *ex officio*
10 Chairman and Vice-Chairman of the Board, respectively.

11 The Assistant Secretary of the Air Transportation Office and the Secretaries of
12 the following executive departments or any Undersecretary or Assistant Secretary
13 designated by the respective Secretaries shall be *ex officio* members, to wit:
14 Department of Finance, Department of Justice and Department of Tourism. In addition,
15 four (4) members from the private sector who are residents of Davao City or the
16 Province of Davao shall be appointed by the President of the Philippines for a term of
17 four (4) years. The governor of the Province of Davao or his duly authorized
18 representative shall be the ninth member.

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

21 SEC. 7. **Functions of the Board.** – The Board shall exercise the following
22 functions:

23 a) Define and approve the programs, plans, policies, procedures and
24 guidelines of the Authority for the development and operation of the Francisco Bangoy
25 International Airport;

26 b) Appoint the General Manager of the Authority who shall be the chief
27 executive officer of the Authority;

1 c) Approve the Authority's organizational and administrative structure, staffing
2 pattern, operating and capital expenditures, and financial budgets, upon
3 recommendation of the General Manager, subject to existing laws, rules and
4 regulations;

5 d) Approve salary ranges, benefits and other terms and conditions of service
6 for all officers and employees of the Authority, upon recommendation of the General
7 Manager, which shall, as far as possible, be competitive with those offered in the
8 private sector, subject to existing laws, rules and regulations.

9 e) Fix the rate of dues, charges, fees, or assessments for the use of airport
10 premises, works, appliances, facilities, concessions, services and other fees and charges
11 related to the activities of the airports, upon recommendation of the General Manager;
12 and

13 f) Exercise all the functions and powers necessary or incidental to attain the
14 purposes and objectives of this Act.

15 **SEC. 8. Duties of the General Manager.** – The General Manager shall be
16 directly responsible to the Board and exercise the following duties:

17 a) Direct and supervise the day-to-day management, operation and
18 administration of the Francisco Bangoy International Airport;

19 b) Implement and enforce decisions, orders, rules and regulations issued,
20 prescribed or adopted by the Board;

21 c) Undertake researches, studies, investigations and other activities related to
22 the present operations and future improvement of the Francisco Bangoy International
23 Airport, and submit comprehensive reports and appropriate recommendations to the
24 Board for proper action;

25 d) Appoint, transfer, suspend, remove or otherwise discipline any subordinate
26 officer or employee of the Authority, subject to the approval of the Board and in
27 accordance with the existing rules and regulations of the Civil Service Commission;

1 e) Within the limits of the authority delegated to him by the Board, execute
2 contracts, incur obligations, acquire and dispose of assets, and deliver documents on
3 behalf of the Authority;

4 f) Grant permits or concessions to do business within the airports in
5 accordance with such rules and regulations to be promulgated by the Authority for the
6 purpose; and

7 g) Perform such other duties as the Board may delegate or assign, and such
8 acts as may be necessary and proper to implement this Act.

9 SEC. 9. **Authorized Capital.** – The Authority shall have an authorized capital
10 stock equal to:

11 a) The value of fixed assets, including airport facilities, runways and
12 equipment and such other properties, movable and immovable, currently administered
13 by or belonging to the Francisco Bangoy International Airport as valued on the date of
14 the effectivity of this Act;

15 b) The value of such real estate owned or administered by the Francisco
16 Bangoy International Airport; and

17 c) Government contribution in such amount as may be deemed an appropriate
18 initial balance. Such initial amount, as approved by the President of the Philippines,
19 which shall be more or less equivalent to six (6) months working capital requirement of
20 the Authority, is hereby authorized to be appropriated in the annual General
21 Appropriations Act of the year following the effectivity of this Act.

22 Thereafter, the government contribution to the capital of the Authority shall be
23 provided for in the annual General Appropriations Act.

24 SEC. 10. **Resident Auditor.** – The Commission on Audit shall appoint a
25 representative who shall be the auditor of the Authority, together with the necessary
26 personnel to assist said representative in the performance of his duties. The number
27 and salaries of the auditor and said personnel shall be determined by the chairman of

1 the Commission on Audit, subject to the rules and regulations of the Commission on
2 Audit.

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

7 SEC. 11. **Annual Report.** – An annual report of the activities and operations of
8 the Authority, together with the audit report shall be submitted by the Board to the
9 President of the Philippines and both Houses of Congress of the Philippines through the
10 Department of Transportation and Communications.

11 SEC. 12. **Applicability of Civil Service Laws.** – The Authority and its officials
12 and employees shall be subject to the existing civil service laws and its rules and
13 regulations.

14 SEC. 13. **Borrowing Power.** – The Authority may, in accordance with Section
15 21, Article XII of the Constitution and other existing laws, rules and regulations on
16 local or foreign borrowing, raise funds, either from local or international sources, by
17 way of loans, credit or securities, and other financing instruments with the power to
18 create pledges, mortgages and other voluntary liens or encumbrances on any of its
19 assets or properties, subject to the prior approval of the President of the Philippines.

20 All loans contracted by the Authority under this section, together with all
21 interests and other sums payable in respect thereof, shall constitute a charge upon all
22 the revenues and assets of the Authority and shall rank equally with one another, but
23 shall have priority over any other claim or charge on the revenue and assets of the
24 Authority: *Provided*, That this provision shall not be construed as a prohibition or
25 restriction on the power of the Authority to create pledges, mortgages and other
26 voluntary liens or encumbrances on any asset or property of the Authority.

1 The payment of the loans or other indebtedness of the Authority may be
2 guaranteed by the National Government subject to the approval of the President of the
3 Philippines.

4 SEC. 14. **Tax Exemptions.** – The Authority shall be exempt from realty taxes
5 imposed by the National Government or any of its political subdivisions, agencies and
6 instrumentalities: *Provided*, That no tax exemption herein granted shall extend to any
7 subsidiary which may be organized by the Authority.

8 SEC. 15. **Transfer of Existing Facilities and Intangible Assets.** – All
9 existing public airport facilities, runways, lands, buildings and other properties, movable
10 or immovable, belonging to or presently administered by the Francisco Bangoy
11 International Airport, and all assets, powers, rights, interests and privileges relating to
12 airport works or air operations, including all equipment which are necessary for the
13 operation of air navigation, aerodrome control towers, crash, fire, and rescue facilities
14 are hereby transferred to the Authority: *Provided, however*, That the operational
15 control of all equipment necessary for the operation of radio aids to air navigation,
16 airways communication, the approach control office, and the area control center shall
17 be retained by the Civil Aviation Authority of the Philippines. No equipment, however,
18 shall be removed by the Civil Aviation Authority of the Philippines from Francisco
19 Bangoy International Airport without the concurrence of the Authority. The Authority
20 shall be responsible for the maintenance and repair of all airport assets and equipment
21 transferred to the Authority by this Act including but not limited to navigational aids,
22 primary and secondary approach radars, instrument landing system, approach, runway,
23 taxiway lights and all communication facilities necessary for the efficient operations of
24 the airport.

25 SEC. 16. **Projects in Progress.** – All ongoing projects relating to the
26 construction of Francisco Bangoy International Airport facilities and supply of equipment
27 shall be administered and undertaken by the Authority.

1 SEC. 17. **Transfer of Liabilities and Debts.** – Upon the transfer to and
2 acceptance by the Authority of the existing physical facilities, intangible assets and
3 completed projects referred to in the preceding sections, all debts, liabilities, and
4 obligations of government agencies or entities concerned in respect of such physical
5 facilities, tangible assets and completed projects within the Francisco Bangoy
6 International Airport shall likewise be assumed by the Authority.

7 SEC. 18. **Transitory Provision.** – The General Manager of the Francisco
8 Bangoy International Airport shall continue in office and shall perform all powers and
9 functions of the Authority until such time as the General Manager is appointed in
10 accordance with the provisions of this Act. Officials and employees whose services are
11 terminated shall, if not eligible for retirement, be given gratuities equivalent to one (1)
12 month salary for every year of continuous satisfactory service on the basis of the
13 highest salary received in addition to other benefits accorded to them by existing laws.

14 SEC. 19. **Repealing Clause.** – All laws, executive orders, letters of instruction,
15 rules and regulations, or provisions thereof which are inconsistent with the provisions of
16 this Act are hereby repealed, amended or modified accordingly.

17 SEC. 20. **Separability Clause.** – If any provision or part of this Act is declared
18 invalid or unconstitutional, such parts or provisions not affected thereby shall remain in
19 full force and effect.

20 SEC. 21. **Effectivity.** – This Act shall take effect fifteen (15) days after its
21 publication in the Official Gazette or in a newspaper of general circulation.

22 Approved,