



## HOUSE OF REPRESENTATIVES

H. No. 5681

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BY REPRESENTATIVES TEODORO, AGGABAO, ROBES, LAPUS, ANTONINO,  
ARNAIZ, LAZATIN, MADRONA, MAGSAYSAY (M.), QUIMBO,  
RODRIGUEZ (M.) AND SALVACION, PER COMMITTEE REPORT NO. 1655

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AN ACT AMENDING SECTIONS 10, 11, 22 AND 24 OF REPUBLIC ACT  
NO. 776, OTHERWISE KNOWN AS "THE CIVIL AERONAUTICS  
ACT OF THE PHILIPPINES", AS AMENDED

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

1           SECTION 1. Section 10 of Republic Act No. 776, otherwise known as  
2 "The Civil Aeronautics Act of the Philippines", is hereby amended to read as  
3 follows:

4           "SEC. 10. *Powers and Duties of the Board.* - (A) Except  
5 as otherwise provided herein, the Board shall have the power to  
6 regulate the economic aspect of air transportation, and [shall have  
7 the] EXERCISE general supervision and regulation of, [the]  
8 jurisdiction and control over air carriers, general sales agents,  
9 cargo sales agents, and airfreight forwarders as well as their  
10 property, property rights, equipment, AND facilities, [and  
11 franchise,] insofar as may be necessary for the purpose of carrying  
12 out the provisions of this Act.

13           "x x x

1           “(C) The Board shall have the following specific powers  
2 and duties:

3           “(1) In accordance with the provisions of Chapter IV of this  
4 Act, to issue, deny, amend, revise, alter, modify, cancel, suspend  
5 or revoke, in whole or in part, upon petition or complaint, or upon  
6 its own initiative, any temporary operating permit or Certificate of  
7 Public Convenience and Necessity (CPCN): *Provided, however,*  
8 **THAT NO CPCN SHALL BE ISSUED PRIOR TO A GRANT OF VALID**  
9 **LEGISLATIVE FRANCHISE TO THE AIRLINE COMPANY AND**  
10 **[T]That in the case of foreign air carriers, the permit shall be**  
11 **issued with the approval of the President of the Republic of the**  
12 **Philippines.**

13           “x x x

14           “(4) To approve or disapprove increase and/or decrease of  
15 capital, lease, purchase, sales [or] OF aircraft of air carrier  
16 engage[s]D in air commerce; consolidation, merger, purchase,  
17 lease and acquisition and control of operating contracts between  
18 domestic air carriers, between domestic and foreign air carriers, or  
19 between domestic air carriers or any person[s] engaged in any  
20 phase of aeronautics AND INFORM CONGRESS OF THE SAME  
21 WITHIN THIRTY (30) DAYS.

22           “x x x.

23           SEC. 2. Section 11 of the same Act is hereby amended to read as  
24 follows:

25           “SEC. 11. *Nature, Terms and Conditions.* – Certificate of  
26 Public Convenience and Necessity (CPCN) is a permit issued by  
27 the Board authorizing a person to engage in air commerce and/or  
28 air transportation, foreign and/or domestic. No person shall  
29 engage in air commerce WITHOUT THE PRIOR GRANT OF A

1           **LEGISLATIVE FRANCHISE BY CONGRESS AND** unless there is in  
2 force a permit issued by the Board.

3           “No general sales agent, cargo sales agent or airfreight  
4 forwarder shall engage in any of the activities mentioned in  
5 Section 3 paragraphs (jj), (kk), and (ll) respectively, unless there  
6 is in force a permit or any other form of authorization issued by  
7 the Board.

8           “x x x

9           “There shall be attached to the exercise of the privileges  
10 granted by the **LEGISLATIVE FRANCHISE AND THE** permit, or  
11 amendment thereto, such reasonable terms, conditions or  
12 limitations as, in the judgment of the Board, the public interest  
13 may require.

14          “x x x.”

15          **SEC. 3.** There shall be incorporated after Section 11 of Republic Act  
16 No. 776, as amended, a new section to read as follows:

17           **“SEC. 11-A.           LEGISLATIVE FRANCHISE. - ALL**  
18 **DOMESTIC AIRLINE CARRIERS, AIRFREIGHT FORWARDERS AND**  
19 **AIR TAXIS OPERATING WITHOUT A LEGISLATIVE FRANCHISE**  
20 **WHICH HAVE BEEN ISSUED A CPCN OR OTHER PERMITS TO**  
21 **OPERATE BY THE CIVIL AERONAUTICS BOARD PRIOR TO THE**  
22 **APPROVAL OF THIS ACT MAY CONTINUE TO OPERATE UNTIL THE**  
23 **END OF THE TERM OF THE OPERATIONAL PERMITS: PROVIDED,**  
24 **THAT THE CPCN OR OTHER PERMITS ISSUED BY THE CAB**  
25 **GRANTING THE DOMESTIC AIRLINE CARRIERS, AIRFREIGHT**  
26 **FORWARDERS AND AIR TAXIS SHALL NOT BE EXTENDED OR**  
27 **RENEWED WITHOUT A LEGISLATIVE FRANCHISE: PROVIDED,**

1           **FURTHER, THAT THESE CARRIERS SHALL BE REQUIRED TO APPLY**  
2           **FOR LEGISLATIVE FRANCHISE WITHIN ONE (1) YEAR FROM THE**  
3           **EFFECTIVITY OF THIS ACT.**

4           **“EXISTING FRANCHISES THAT ARE NOT OPERATED OR ARE**  
5           **WITHOUT PENDING APPLICATION FOR CPCN AT THE TIME OF**  
6           **THE EFFECTIVITY OF THIS ACT ARE DEEMED REVOKED.”**

7           SEC. 4. Section 22 of the same Act is hereby amended to read as  
8 follows:

9           **“SEC. 22. *Modification, suspension or revocation.* – The**  
10          Board, upon petition or complaint or upon its own initiative, may,  
11          by order entered after notice and opportunity for hearing, alter,  
12          amend, modify or suspend any permit, in whole or in part, if public  
13          convenience and necessity so require; or may revoke any permit, in  
14          whole or in part, for intentional failure to comply with any  
15          provision of this Act or any order, rule or regulation issued  
16          thereunder, or any term, condition or limitation of such permit:  
17          ***PROVIDED, THAT THE BOARD SHALL NOTIFY CONGRESS PRIOR***  
18          ***TO ANY ACTION IT SHALL MAKE: Provided, FURTHER,*** That the  
19          Board, for good cause, may, by order, without notice and hearing  
20          suspend, for a period not to exceed thirty days, any permit or the  
21          exercise of any privilege or authority issued or granted under this  
22          Act whenever such step shall, in the judgment of the Board, be  
23          necessary to avoid serious or irreparable damage or inconvenience  
24          to the public. Any interested person may file with the Board a  
25          protest or memorandum in support of or in opposition to the  
26          alteration, amendment, modification, suspension, or revocation of  
27          any permit.”

1           SEC. 5. Section 24 of the same Act is hereby amended to read as  
2 follows:

3           “SEC. 24. *Effective date and duration of permit.* – Each  
4 permit shall be effective from the date specified therein and shall  
5 continue in effect until suspended or revoked or until the Board  
6 shall certify that operation thereunder has ceased: *Provided*, That,  
7 if any service authorized by a permit is not inaugurated within a  
8 period of ninety (90) days after the date of authorization as shall be  
9 fixed by the Board or after such other period as may be designated  
10 by the Board, the Board may by order direct that such permit shall  
11 thereupon cease to be effective to the extent of such service:  
12 **PROVIDED, FURTHER, THAT THE BOARD SHALL NOTIFY**  
13 **CONGRESS WITHIN THIRTY (30) DAYS OF ANY CHANGE IN THE**  
14 **STATUS OF THE FRANCHISE GRANTED TO THE AIRLINE**  
15 **COMPANY: *Provided*, [further] FINALLY,** That no permit shall be  
16 issued for a period of more than twenty-five (25) years **OR THAT**  
17 **WOULD EXCEED THE TENURE OF THE FRANCHISE.”**

18           SEC. 6. *Separability Clause.* – If any provision of this Act is declared  
19 *invalid or unconstitutional*, the other provisions not affected thereby shall  
20 continue to be in full force and effect.

21           SEC. 7. *Repealing Clause.* – All laws, decrees, executive orders,  
22 proclamations, rules and regulations and other issuances or parts thereof which  
23 are inconsistent with the provisions of this Act are hereby repealed, amended  
24 or modified accordingly.

25           SEC. 8. *Effectivity Clause.* – This Act shall take effect fifteen (15)  
26 days after its publication in at least two (2) newspapers of general circulation  
27 in the Philippines.

Approved,