

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

'04 JUN 30 P11:03

SENATE

RECEIVED BY: *Atu*

S.B. NO. 1040

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Introduced by Sen. Jinggoy Ejercito Estrada

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**EXPLANATORY NOTE**

The world famous resort Boracay of the Province of Aklan is one of the top tourist destination of the Philippines. Business activities also flourished in the area to cater to foreign and local visitors.

Records show that volume of passenger air traffic plying the Kalibo-Manila-Kalibo, Manila-Caticlan-Manila and Kalibo-Cebu-Kalibo routes have steadily grown. There are now also a number of airlines operating along these routes. Hence, the need to improve, expand and upgrade the facilities in the two airports including night landing and all weather airport equipment and system. This bill seeks to achieve this by establishing the "Aklan Airport Authority" which shall have the power to administer and operate the Kalibo and Caticlan airports in the Province of Aklan.

The approval of this bill is earnestly sought.

  
JINGGOY EJERCITO ESTRADA  
Senator

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AN ACT  
CREATING THE AKLAN AIRPORT AUTHORITY, AND FOR OTHER PURPOSES

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

SECTION 1. **Title.** – This Act shall be known and cited as the “Charter of Aklan Airport Authority.”

SECTION 2. **Creation of the Aklan Airport Authority.** – There is hereby established a body corporate to be known as Aklan Airport Authority which shall be attached to the Department of Transportation and Communications. The principal office of the Authority shall be located at Kalibo, Province of Aklan.

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

SECTION 3. **Primary Purposes and Objectives.** – The authority shall principally undertake the economical, efficient and effective control, management and supervision of the Kalibo Airport in the Municipality of Kalibo and the Caticlan Airport in the Municipality of Malay, hereinafter collectively referred to as the airports, such as either airports as may be established in the Province of Aklan. In addition, it shall have the following objectives:

- a) To encourage, promote and develop international and air traffic in the central and western Visayas regions as a means of making the regions centers of international trade and tourism, and accelerating the

development of the means of transportation and communication in the country; and

- b) To upgrade the services and facilities of the airports and to formulate internationally acceptable standards of airports accommodation and service.

**SECTION 4. *Functions, Powers and Duties.*** – The Authority shall have the following functions, powers and duties:

- a) To formulate a comprehensive and integrated development policy and programs of the airport and to implement, review and update such policy and program periodically;
- b) To control supervise, construct, maintain, operate and provide such facilities or services as shall be necessary for the efficient functioning of the airports;
- c) To promulgate rules and regulations governing the planning, development maintenance, operation and improvement of the airports, and to control and supervise the construction of any structure or the rendition of any service within the airports;
- d) To exercise all the power of a corporation under the Corporation Code of the Philippines, insofar as those powers are not inconsistent with the provisions of this Act;
- e) To acquire, purchase, own, administer, lease, mortgage, sell or otherwise dispose of any land, building, airport facility, or property of whatever kind and nature, whether movable or immovable, or any interest therein: Provided, that any asset located in the Kalibo Airport important to national security shall not be subject to alienation or mortgage by the Authority nor to transfer to any entity other than the National Government;
- f) To exercise the power of eminent domain in the pursuit of its purposes and objectives;
- g) To levy and collect dues, charges, fees or assessment of the use of airport premises, works, appliances, facilities or concessions, or for any service provided by the Authority;
- h) To retain and appropriate dues, and charges collected by the Authority relative to the use of airport premises for such measures as may be necessary to make the Authority more effective and efficient in the discharge of its assigned tasks;

- i) To invest its idle funds, as it may deem proper, in government securities and other evidences of indebtedness; and
- j) To provide services, whether on its own or otherwise, within the airports and the approaches thereof as may be necessary or in connection with maintenance and operation of the airports and their facilities.

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

- a) Maintenance of security to passengers, cargoes, aircraft, airport equipment, structures, facilities, personnel, funds and documents;
- b) Regulating the entry to, exit from and movement with the airports;
- c) Maintenance of peace and order within the premises of Authority;
- d) Regulation and supervision of private security agencies operating in the airports;
- e) Enforcement of rules and regulations promulgated by the Authority pursuant to law; and
- f) In case of emergencies or imminent danger involving national security with the airport premises, the Philippine Air Force Security Command shall take charge.

**SECTION 6. *Boards of Directors***. – The Corporate powers of the Authority shall be exercised by and vested in a Board of eleven (11) members, which shall be composed of a chairman, a vice-chairman and nine (9) members. The Secretary of Transportation and Communications and the General Manager of the Authority shall be the ex-officio chairman and vice-chairman of the Board, respectively. The Secretary of Finance, the Secretary of Tourism, the Chief of Staff of the Armed Forces of the Philippines, The Commissioner of Immigration and Deportation, and the Provincial Governor of Aklan, or their duly authorized representatives, shall be ex-officio members, together with four (4) members from the private sector who shall be residents of Aklan to be appointed by the Board upon recommendation of the Provincial Governor.

The Board shall promulgate its rules relative to meetings, quorum requirements and compensation or allowances of the members of the: Provided, That said compensation or allowances shall be in accordance with existing rules and regulation.

**SECTION 7. *Functions, Power, and Duties of the Board.*** – In addition to the powers vested in the Board under the other sections of this Act, the Board shall have the following functions, powers and duties;

- a) To define and approve the programs, plans, policies, procedure and guidelines of the Authority who shall be the Chief Executive Officer of the Authority;
- b) To recommend to the President of the Philippines for appointment, a general manager of the Authority who shall be the Chief Executive Officer of the Authority;
- c) To approve the Authority's organizational and administrative structure, staffing pattern, operating and capital expenditures, and financial budgets upon recommendation of the General Manager;
- d) To approve salary ranges, benefits and other terms and condition of service for all officers and employees of the Authority upon recommendation of the General Manager, which shall be subject to existing laws, rules and regulation;
- e) To fix the rates of dues, charges, fees of assessments for the use of airport premises, works, appliances, concessions, services and other fees and charges related to the activities of the airport, upon recommendation of the general manager; and
- f) Generally, to exercise all the functions and powers necessary or incidental to attain the purpose and objectives of this Act.

**SECTION 8. *Functions, powers and duties of the General Manager*** – The General Manager shall be directly responsible to the Board and shall have the following functions, power and duties:

- a) To direct and supervise the day-to-day management, operation and administration of the airports;
- b) To implement and enforce decisions, orders, rules and regulations issues, prescribed or adopted by the Board;
- c) To undertake the researches, studies, investigations and other activities related to the present operations and future improvements of the airports,

and to submit comprehensive reports and appropriate recommendation to the Board for proper action;

- d) To appoint, transfer, suspend, remove or otherwise any subordinate officers or employees of the Authority, the approval of the Board;
- e) Within the limits of the Authority delegated to him by the Board, to execute contracts, incur obligations, acquire and dispose of assets, and deliver documents, on behalf of the Authority;
- f) To grant permits or concessions to do business with the airports in accordance with such rules and regulations to be promulgated by the Authority for the purpose; and
- g) To perform such other duties as the Board may delegate or assign and such acts as may necessary and proper to implement this Act.

SECTION 9. **Capital.** – The Authority shall have an authorized capital stock equal to and consisting of:

- a) The value of fixed assets (including airport facilities, runways and equipment) and such other properties, movable, currently administered by or belonging to the airports as valued on the date of the effectivity of this Act;
- b) The value of such real estate owned and/or administered by the airports;
- c) Government contribution in such amount as may be deemed an appropriate initial amount, as approved by the President of the Philippines, which shall be more or less equivalent to six (6) months working capital requirement of the Authority.

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

SECTION 10. **Distribution of income.** – Should the Authority operate in a profit, the net income shall be distributed as follows:

- a) Thirty Percent (30%), shall be remitted to the National Government;
- b) Ten Percent (10%), shall be remitted to the Provincial Government;
- c) Five Percent (5%), shall be remitted to the Municipal Government of Kalibo as her share;
- d) Fifty Five Percent (55%), shall be retained by the Aklan Airport Authority for Capital and other improvement:

SECTION 11. **Auditor** – The Commission on Audit may appoint a representative who shall be the auditor of the Authority together with the necessary personnel to assist said representative in the performance of his duties the number and salaries of the auditor and said personnel shall be determined by the chairman of the Commission on Audit in accordance with the revised compensation and position classification system

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

SECTION 12. **Annual Report.** – The Board shall submit to the President of the Philippines through the Department of Transportation and Communications and both Houses of Congress of the Philippines, together with the audit report of the relevant accounts, an annual report generally dealing with the activities and operations of the Authority.

SECTION 13. **Applicability of Civil Service Laws.** – The Authority and its officials and employees shall be subjected to the Civil Service Laws and its rules and regulations.

SECTION 14. **Borrowing Power** – The Authority may, in accordance with existing laws, rules and regulations on local and foreign borrowing, raise, either from local or international sources, by way of loans, credits or securities, and other borrowing instrument with the power to create pledges, mortgages and other voluntary liens or encumbrances or any of its assets or properties upon recommendation of the Secretary of Transportation and Communications and subject to the prior approval of the President of the Philippines.

All loans contracted by the Authority under this section together with all interests and other sums payable in respect thereof shall constitute a charge upon all the revenues and assets of the Authority and shall rank equally with one another, but shall have priority over any other claim on charge on the revenue and assets of the Authority. Provided, That this provision shall not be constructed as a prohibition or restriction on

the power of the Authority to create pledges, mortgages and other voluntary liens or encumbrances on any assets or property of the Authority.

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

SECTION 15. **Tax Exemptions.** – The Authority shall be exempt from the payment of corporate income taxes. The Authority shall likewise be exempt from realty taxes imposed by the National Government or any of its political subdivisions, agencies and instrumentalities; Provided, That no tax exemption herein granted shall extend to any subsidiary which may be organized by the Authority.

The exemptions enjoyed by the Authority shall be for a period of five (5) years from the effectivity of this Act.

SECTION 16. **Transfer of Existing Facilities and Intangible Assets.** – All existing public airport facilities, runways, lands, building and other properties movable and immovable belonging to or presently administered by the airports, and all assets, powers, rights, interest or privileges relating to airport works or air operation, including all equipment which are necessary for operation of the air navigation, air traffic control and crash fire, and rescue facilities are hereby transferred to the Authority.

SECTION 17. **Projects in Progress.** – All ongoing projects relating to the construction of airport facilities shall be continued by the agency or agencies involved until their completion. Thereafter, such projects shall be transferred to the Authority in accordance with agreement among agencies concerned. Any disagreement relating to such transfer shall be submitted to the President of the Philippines for final decision.

SECTION 18. **Transfer of Liabilities and Debts.** – Upon transfer to and acceptance by the Authority of the physical facilities, intangible assets and completed projects referred to in the preceding sections, all debts, liabilities and obligations of government agencies or entities concerned in respect of such physical facilities,



tangible assets and completed projects within the airports shall likewise be assumed by the Authority.

SECTION 19. **Funding.** – The amount necessary to initially pay for the capital stock of the Authority shall be included in the General Appropriations Act of the year following its approval. Thereafter, subsequent government contribution to the capital of the Authority shall be included in the general appropriations act.

SECTION 20. **Abolition of the Kalibo Airport as a Division in the Air Transportation Office.** – The Kalibo Airport including the Caticlan Airport as a division under the Air Transportation Office is hereby abolished. The Airport General Manager of the Kalibo Airport shall continue in office and shall perform all powers and functions of the Authority until such time as the General Manager is appointed for the smooth transfer of responsibility from the abolished entity to the Authority. Provided, That no officials and employees shall be terminated, and provided that existing personnel shall have the option either to be absorbed by the Authority or remain with the Air Transportation Office.

SECTION 21. **Repealing Clause.** – All laws, executive order, letters of instructions, rules and regulations or provisions thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 22. **Separability Clause.** – If any portion hereof shall be held invalid or unconstitutional, such invalidity or unconstitutionality shall not effect the other provisions which shall remain in full force and effect.

SECTION 23. **Effectivity Clause.** – This act shall take effect within fifteen (15) days after its publication in two (2) national newspaper of general circulation.

Approved,