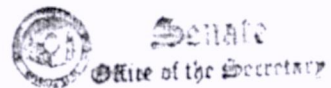


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



'19 MAY 20 P3:42

SENATE

RECEIVED

COMMITTEE REPORT NO. 661

Submitted by the Committee on Public Services on MAY 20 2019.

Re: House Bill no. 6317

Recommending the approval of HBN 6317 with amendments.

Sponsors: Senator Grace Poe

MR. PRESIDENT:

The Committee on Public Services to which was referred House Bill No. 6317 introduced by Representatives Tugna, Alvarez (F.), Marcoleta and Violago, entitled:

**"AN ACT
GRANTING THE MAGNUM.AIR(SKYJET) INC. A FRANCHISE TO
ESTABLISH, OPERATE AND MAINTAIN DOMESTIC AND
INTERNATIONAL AIR TRANSPORT SERVICES"**

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H.B. No. 6317 be approved with the following amendments:

1. On page 4, line 22, insert a new section which shall read as follows:

"SEC. 11. COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF EMPLOYMENT OPPORTUNITIES. – THE GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES AND SHALL ALLOW ON-THE-JOB

TRAININGS IN THEIR FRANCHISE OPERATION. PROVIDED, THAT PRIORITY SHALL BE ACCORDED TO THE RESIDENTS WHERE THEIR PRINCIPAL OFFICE IS LOCATED. PROVIDED, FURTHER, THAT THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR STANDARDS AND ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS AND SIMILAR ISSUANCES, PROVIDED FINALLY, THAT THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED IN THE GENERAL INFORMATION SHEET (GIS) TO BE SUBMITTED TO SECURITIES AND EXCHANGE COMMISSION ANNUALLY.”;

2. On the same page, line 28, after the word “transferred”, delete the words “whether as a whole or in part, and whether”;
3. On page 5, line 3 before the word “Any”, insert new sentences which shall read as follows:

“CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF THE SAID TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE IPSO FACTO REVOKED.”;

4. Renumber the sections accordingly.

RESPECTFULLY SUBMITTED



GRACE POE
Chairperson
Committee on Public Services



JOSEPH VICTOR G. EJERCITO
Vice-Chairperson
Committee on Public Services



FRANCIS "Chiz" G. ESCUDERO
Vice-Chairperson
Committee on Public Services

Members



LOREN B. LEGARDA



RICHARD J. GORDON

RISA HONTIVEROS



PANFILO M. LACSON



JOEL VILLANUEVA

ANTONIO "Sonny" F. TRILLANES IV



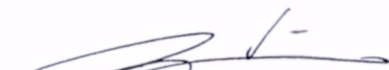
AQUILINO "Koko" PIMENTEL III

PAOLO BENIGNO "Bam" AQUINO IV

Ex-Officio Members



RALPH G. RECTO
Senate President Pro-Tempore



JUAN MIGUEL F. ZUBIRI
Majority Floor Leader



FRANKLIN M. DRILON
Minority Floor Leader

HON. VICENTE C. SOTTO III
Senate President

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Second Regular Session

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HOUSE OF REPRESENTATIVES

H. No. 6317

BY REPRESENTATIVES TUGNA, ALVAREZ (F.), MARCOLETA AND VIOLAGO,
PER COMMITTEE REPORT NO. 373

AN ACT GRANTING THE MAGNUM.AIR(SKYJET) INC. A
FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN
DOMESTIC AND INTERNATIONAL AIR TRANSPORT
SERVICES

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

1 SECTION 1. *Nature and Scope of Franchise.* – Subject to the
2 provisions of the Constitution and applicable laws, rules and regulations, there
3 is hereby granted to MAGNUM.AIR(SKYJET) INC., hereunder referred to as
4 the grantee, its successors or assignees, a franchise to establish, operate and
5 maintain transport services for the carriage of passengers, mails, goods and
6 property by air, both domestic and international.

7 Air transport services shall include the maintenance and operation of
8 hangars and aircraft service stations and facilities and other services of similar
9 nature which may be necessary, convenient or useful as an auxiliary to aircraft
10 transportation.

11 The grantee shall have the right at its terminal and landing fields, as well
12 as in its aircraft, to construct, operate and maintain stations or transmitting sets
13 for wireless telegraphy and direction findings, and other radio aids to air
14 navigation, using wavelengths in accordance with the rules and regulations

1 made from time to time by the proper agencies of the government. The
2 wireless communication facilities shall be used solely for receiving and
3 transmitting weather forecasts and other matters in connection with the
4 grantee's services.

5 *SEC. 2. Authority of the Civil Aeronautics Board.* - The grantee shall
6 secure from the Civil Aeronautics Board (CAB) and from the Civil Aviation
7 Authority of the Philippines (CAAP) the appropriate certificates, permits and
8 licenses for its operations.

9 All aircraft used by the grantee including their accessories and
10 equipment shall at all times be airworthy and the crew members shall be
11 licensed by the Government of the Philippines. They shall be equipped with
12 radio communications, safety and other equipment, and shall be operated and
13 maintained in accordance with the regulations and technical requirements of
14 the CAAP or such other regulatory bodies the government may prescribe for
15 this purpose.

16 The grantee's equipment and the operation of such equipment shall at
17 all times be subject to inspection and regulation by the CAAP. The grantee
18 shall comply with the provisions of Republic Act Numbered Seven Hundred
19 and Seventy-Six (R.A. No. 776), otherwise known as the "Civil Aeronautics
20 Act of the Philippines", and the regulations promulgated thereunder from time
21 to time.

22 *SEC. 3. Responsibility to the Public.* - Excepting cases of *force*
23 *majeure* and whenever weather conditions permit, the grantee shall maintain
24 scheduled and/or nonscheduled and/or chartered air transport services to any
25 and all points and places throughout the Philippines and between the
26 Philippines and other countries at such frequencies as traffic needs may
27 require: *Provided*, That at least twenty-five percent (25%) of all its frequencies
28 shall be for the domestic market.

1 SEC. 4. *Rates for Services.* – The grantee shall fix just and reasonable
2 rates for the transportation of passengers, mails, goods and freight, subject to
3 the regulations and approval of the CAB and other proper regulatory agencies
4 of the government.

5 SEC. 5. *Term of Franchise.* – This franchise shall be for a term of
6 twenty-five (25) years from the date of the effectivity of this Act, unless sooner
7 revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the
8 event the grantee fails to comply with any of the following conditions:

9 (a) Commence operations within one (1) year from the approval of its
10 permit by the CAB;

11 (b) Operate continuously for two (2) years; and

12 (c) Commence operations within two (2) years from the effectivity of
13 this Act.

14 SEC. 6. *Bond.* – The grantee shall file a bond issued in favor of the
15 CAB, which shall determine the amount, to guarantee the compliance with and
16 fulfillment of the conditions under which this franchise is granted. If after three
17 (3) years from the date of the approval of its permit by the Board, the grantee
18 shall have fulfilled the same, the bond shall be released by the Board.
19 Otherwise, the bond shall be forfeited in favor of the government and the
20 franchise *ipso facto* revoked.

21 SEC. 7. *Landing Facilities.* – The grantee may use the landing and
22 other airport facilities on land and water as may be maintained or owned by the
23 government within the Philippines on the grantee's line subject to such terms
24 and conditions, restrictions and national policy considerations as the Philippine
25 government may impose: *Provided,* That the Philippine government shall
26 have the right to use the landing and other airport facilities as may be
27 maintained or owned by the grantee in the Philippines.

1 SEC. 8. *Contracts.* – The grantee is authorized to enter into
2 transportation contracts with the Philippine government, including the carrying
3 of mail, upon such terms and conditions as may be mutually agreed upon. The
4 grantee shall give preferential consideration to contracts with the Philippine
5 government. The grantee may likewise enter into transportation maintenance
6 and/or servicing contracts, and such other contracts relating to air transport
7 with other foreign-owned airlines particularly with those which have
8 international routes.

9 SEC. 9. *Right of Government.* – A special right is hereby reserved to
10 the President of the Philippines, in times of war, rebellion, public peril,
11 calamity, emergency, disaster, or disturbance of peace and order; to
12 temporarily take over and operate the facilities or equipment of the grantee;
13 to temporarily suspend the operation of any facility or equipment in the interest
14 of public safety, security and public welfare; or to authorize the temporary use
15 and operation thereof by any agency of the government, upon due
16 compensation to the grantee, for the use of said facilities or equipment during
17 the period when these shall be so operated.

18 SEC. 10. *Warranty in Favor of the National and Local Governments.* –
19 The grantee shall hold the national, provincial, city, and municipal
20 governments of the Philippines free from all claims, liabilities, demands, or
21 actions arising out of accidents causing injury to persons or damage to property
22 during the operation of the services under the franchise.

23 SEC. 11. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of*
24 *Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of,
25 nor assign this franchise or the rights and privileges acquired thereunder to any
26 person, firm, company, corporation or other commercial or legal entity, nor
27 merge with any other corporation or entity, nor shall the controlling interest of
28 the grantee be transferred, whether as a whole or in part, and whether

1 simultaneously or contemporaneously, to any such person, firm, company,
2 corporation or entity without the prior approval of the Congress of the
3 Philippines. Any person or entity to which this franchise is sold, transferred or
4 assigned shall be subject to the same conditions, terms, restrictions and
5 limitations of this Act.

6 SEC. 12. *Dispersal of Ownership.* — In accordance with the
7 constitutional provision to encourage public participation in public utilities, the
8 grantee shall offer at least thirty percent (30%) of its outstanding capital stock
9 or a higher percentage that may hereafter be provided by law in any securities
10 exchange in the Philippines within five (5) years from the commencement of
11 its operations. Noncompliance therewith shall render the franchise *ipso facto*
12 revoked.

13 SEC. 13. *Reportorial Requirement.* — The grantee shall submit an
14 annual report to the Congress of the Philippines, through the Committee on
15 Legislative Franchises of the House of Representatives and the Committee on
16 Public Services of the Senate, on its compliance with the terms and conditions
17 of the franchise and on its operations on or before April 30 of every year
18 during the term of its franchise.

19 SEC. 14. *Equality Clause.* — In the event that any competing
20 individual, partnership or corporation receives or enjoys or shall receive
21 similar permit or franchise with terms, provisions and/or privileges more
22 favorable than those herein granted or which tend to place the herein grantee at
23 any disadvantage, then such terms and/or provisions shall be deemed part
24 hereof and shall operate equally in favor of the herein grantee.

25 SEC. 15. *Repealability and Nonexclusivity Clause.* — This franchise
26 shall be subject to amendment, alteration, or repeal by the Congress of the
27 Philippines when the public interest so requires and shall not be interpreted as
28 an exclusive grant of the privilege herein provided for.

1 SEC. 16. *Separability Clause.* – If any of the sections or provisions of
2 this Act is held invalid, all other provisions not affected thereby shall remain
3 valid.

4 SEC. 17. *Repealing Clause.* – All laws, decrees, executive orders,
5 rules and regulations or any part or provision thereof which are not consistent
6 with this Act are hereby repealed, amended, or modified accordingly.

7 SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after
8 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved.

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