


THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Third Regular Session

6 SEP -5 P.100

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 96

Submitted by the Committee on Public Services on 05 SEP 2006

Re : House Bill No. 4636

Recommending its approval without amendment.

Sponsor: Senator Arroyo

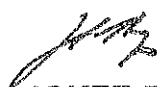
MR. PRESIDENT:

The Committee on Public Services, to which was referred House Bill No. 4636, introduced by Representatives Teodoro, Agarao, Zubiri, Veloso, Lagbas, Mitra, Pichay, Barinaga, Macarambon, Jaraula and Amin, entitled:

**“AN ACT
GRANTING THE TRANSGLOBAL AIRWAYS CORPORATION 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 House Bill No. 4636 be approved without amendment.

Respectfully submitted:



JOKER P. ARROYO
Chairman

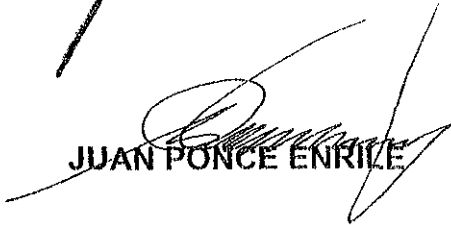
Members:

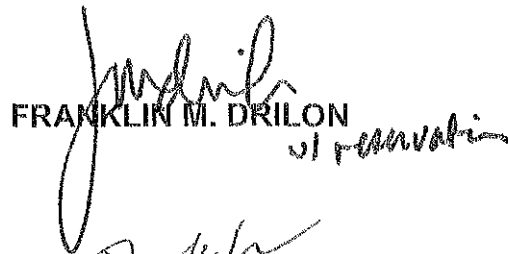

RALPH G. RECTO

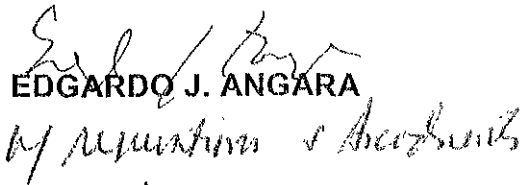

MAR ROXAS


RICHARD J. GORDON


"COMPAÑERA" PIA CAYETANO

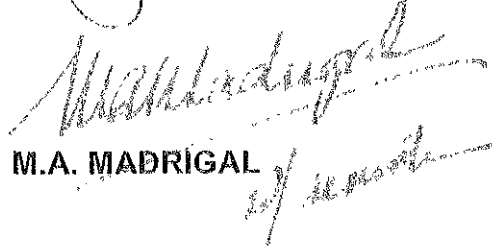

JUAN PONCE ENRILE


FRANKLIN M. DRILON
si ramanahin


EDGARDO J. ANGARA
by reputation & broadcast


PANFILO M. LACSON

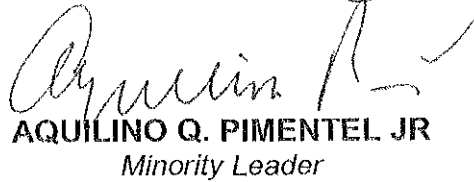

SERGIO OSMEÑA III


M.A. MADRIGAL
si ramanahin

Ex-Officio Members:


JUAN M. FLAVIER
Pro-Tempore


FRANCIS N. PANGILINAN
Majority Leader


AQUILINO Q. PIMENTEL JR
Minority Leader

Hon. MANNY VILLAR
President
Senate of the Philippines
Pasay City



HOUSE OF REPRESENTATIVES

H. No. 4636

BY REPRESENTATIVES TEODORO, AGARAO, ZUBIRI, VELOSO, LAGBAS, MITRA,
PICHAY, BARINAGA, MACARAMBON, JARULA AND AMIN

AN ACT GRANTING THE TRANSGLOBAL AIRWAYS CORPORATION
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 Transglobal Airways Corporation, hereunder referred to as
4 the grantee, its successors or assigns, a franchise to establish, operate and
5 maintain air transport services for the carriage of passengers, mail, goods and
6 property, 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

1 nature which may be necessary, convenient or useful as an auxiliary to aircraft
2 transportation.

3 The grantee shall have the right at its terminal and landing fields, as well
4 as in its aircraft, to construct, operate and maintain stations or transmitting sets
5 for wireless telegraphy and direction findings, and other radio aids to air
6 navigation, using wavelengths in accordance with the rules and regulations
7 made from time to time by the proper agencies of the government. The
8 wireless communication facilities shall be used solely for receiving and
9 transmitting weather forecasts and other matters in connection with the
10 grantee's services.

11 SEC. 2. *Civil Aeronautics Board (CAB)*. -- The grantee shall secure
12 from the CAB the appropriate permits and licenses for its operations.

13 All aircraft used by the grantee including their accessories and
14 equipment shall at all times be airworthy and the crew members shall be
15 licensed by the government of the Philippines. They shall be equipped with
16 radio communications, safety and other equipment and shall be operated and
17 maintained in accordance with the regulations and technical requirements of
18 the Air Transportation Office (ATO) or such other regulatory bodies the
19 government may prescribe for this purpose.

20 The grantee's equipment and the operation of such equipment shall at
21 all times be subject to inspection and regulation by the ATO.

1 The grantee shall comply with the provisions of Republic Act No. 776,
2 and the regulation promulgated thereunder from time to time.

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

10 SEC. 4. *Rates for Services.* – The grantee shall fix just and reasonable
11 rates for the transportation of passengers, mail, goods and freight, subject to
12 the regulations and approval of the CAB and other proper regulatory agencies
13 of the government.

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

18 (a) Commence operation within one year from the approval of its
19 permit by the CAB;

20 (b) Operate continuously for two years; and

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

3 SEC. 6. *Acceptance and Compliance.* – Acceptance of this franchise
4 shall be given in writing within sixty (60) days from the effectivity of this Act.
5 Upon giving such acceptance, the grantee shall exercise the privileges granted
6 under this Act. Nonacceptance shall render the franchise void.

7 SEC. 7. *Bond.* – The grantee shall file a bond issued in favor of the
8 CAB, which shall determine the amount, to guarantee the compliance with and
9 fulfillment of the conditions under which this franchise is granted. If, after
10 three years from the date of the approval of its permit by the Board, the grantee
11 shall have fulfilled the same, the bond shall be cancelled by the Board.
12 Otherwise, the bond shall be forfeited in favor of the government and the
13 franchise *ipso facto* revoked.

14 SEC. 8. *Landing Facilities.* – The grantee may use the landing and
15 other airport facilities on land and water as may be maintained or owned by the
16 government within the Philippines on the grantee's line subject to such terms
17 and conditions, restrictions and national policy considerations as the Philippine
18 government may impose: *Provided,* That the Philippine government shall have
19 the right to use the landing and other airport facilities as may be maintained
20 and owned by the grantee in the Philippines.

1 SEC. 9. *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. 10. *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 temporarily
12 take over and operate the facilities or equipment of the grantee, to temporarily
13 suspend the operation of any facility or equipment in the interest of public
14 safety, security and public welfare, or to authorize the temporary use and
15 operation thereof by any agency of the government, upon due compensation to
16 the grantee, for the use of said facilities or equipment during the period when
17 they shall be so operated.

18 SEC. 11. *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 harmless from all claims, accounts, demands or

1 actions arising out of accidents or injuries, whether to property or to persons,
2 caused by the operation of the services under the franchise hereby granted.

3 SEC. 12. *Sale, Lease, Transfer, Usufruct, Etc.* -- The grantee shall not
4 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights
5 and privileges acquired thereunder to any person, firm, company, corporation
6 or other commercial or legal entity, nor merge with any other corporation or
7 entity, nor shall the controlling interest of the grantee be transferred, whether
8 as a whole or in parts and whether simultaneously or contemporaneously, to
9 any such person, firm, company, corporation or entity without the prior
10 approval of the Congress of the Philippines. Any person or entity to which this
11 franchise is sold, transferred or assigned, shall be subject to the same
12 conditions, terms, restrictions and limitations of this Act.

13 SEC. 13. *Dispersal of Ownership.* -- In accordance with the
14 constitutional provision to encourage public participation in public utilities, the
15 grantee shall offer at least thirty percent (30%) of its outstanding capital stock
16 or a higher percentage that may hereafter be provided by law in any securities
17 exchange in the Philippines within ten (10) years from the commencement of
18 its operations. Noncompliance therewith shall render the franchise *ipso facto*
19 revoked.

20 SEC. 14. *Reportorial Requirement.* -- The grantee shall submit an
21 annual report to the Congress of the Philippines on its compliance with the

1 terms and conditions of the franchise and on its operations within sixty (60)
2 days from the end of every year.

3 SEC. 15. *Interpretation of Franchise.* – This franchise shall not be
4 interpreted to mean as an exclusive grant of the privileges herein provided for.
5 However, in the event that any competing individual, partnership or
6 corporation shall receive a similar permit or franchise with terms and/or
7 provisions more favorable than those herein granted or which tend to place the
8 herein grantee at any disadvantage, then such terms and/or provisions shall be
9 deemed part hereof and shall operate equally in favor of the herein grantee.

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

13 SEC. 17. *Repealability and Nonexclusivity Clause.* – This franchise
14 shall be subject to amendment, alteration or repeal by the Congress of the
15 Philippines when the public interest so requires and shall not be interpreted as
16 an exclusive grant of the privileges herein provided for.

17 SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15) days from
18 the date of its publication, upon the initiative of the grantee, in at least two
19 newspapers of general circulation in the Philippines.

Approved,