


FOURTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
*First Regular Session*

SECRETARY  
7 JUL -3

SENATE  
S. B. No. 1932

RECEIVED BY: 

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Introduced by SENATOR EDGARDO J. ANGARA

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**EXPLANATORY NOTE**

One of the more important whereas clause in a resolution adopted by the International Civil Aviation Organization (ICAO) in its 32<sup>nd</sup> General Assembly Meeting is that of encouraging each member state to **establish a single, centralized, and autonomous civil aviation authority to deal with matters of civil aviation.**

Countries like the United Kingdom, New Zealand, Australia, Uganda, Jordan, Pakistan, Singapore, the Fiji Islands, Ireland, Romania, Jamaica, South Africa, Sri Lanka, and Trinidad and Tobago, have all restructured their regulatory policies and framework and created a "stand-alone civil aviation authority" that had worked to their advantage in promoting their aviation industry thru reduced bureaucracy and inefficiency in meeting ICAO standards and recommended practices.

The new Civil Aviation Authority of the Philippines (CAAP) will be responsible for the provision of safe and efficient management of all services permitting aviation access to and from the Philippines. The main objective of this Act is to establish a regulatory framework for maintaining, enhancing and promoting domestic and international civil aviation in the country, with particular emphasis on the aviation safety at all times.

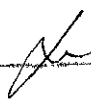
I urge my colleagues to support the CAAP bill with the certainty that this reform will spur the development of a more state-of-the-art and dynamic civil aviation industry and consequently, tourism industry in our country.

  
**EDGARDO J. ANGARA**  
Senator

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**AN ACT CREATING THE CIVIL AVIATION AUTHORITY OF THE  
PHILIPPINES, AUTHORIZING THE APPROPRIATION OF FUNDS  
THEREFORE, AND FOR OTHER PURPOSES**

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

**SECTION 1. *Short Title*** - This Act shall be known as the “Civil Aviation  
Authority Act of 2008.”

**SECTION 2. *Declaration of Policies.*** In the exercise and performance of  
its power and duties under this Act, the Authority shall consider the following,  
among other things, as being in the public interest, and in accordance with the  
public convenience and necessity:

- a) The development and utilization of the air potential of the Philippines.
- b) The encouragement and development of an air transportation system  
properly adapted to the present and future of foreign and domestic  
commerce of the Philippines.
- c) The regulation of air transportation in such manner as to foster sound  
economic condition in such transportation and to improve the relations  
between air carries.
- d) Ensuring the safety, quality, reliability, and affordability of air transport  
services for the riding public.
- e) The encouragement and development of a viable and globally competitive  
Philippine aviation industry.

**SECTION 3. *Definitions of Terms.*** *For purposes of this Act,*

- a) ***“Aerial Work”*** refers to an aircraft operation in which an aircraft is used for specialized services such as agriculture, construction, photography, surveying, observation and patrol, search and rescue, aerial advertisement, etc.
- b) ***“Aerodrome”*** refers to an airport, a defined area on land or water (including any buildings, installations and equipment) intended to be used either wholly or in part for the arrival, departure and surface movement of aircraft.
- c) ***“Aeronautics or Aviation”*** means the science and art of flight
- d) ***“Aeronautical telecommunication”*** means and includes any telegraph or telephone communication signs, signals, writings images and sounds of any nature, by wire, radio or other systems or processes of signaling, used in the aeronautical service.
- e) ***“Aeronautical telecommunication station”*** means any station operated to provide telecommunications for aeronautical purposes.
- f) ***“Air carrier or carrier”*** means a person who undertakes, whether directly or indirectly, or by a lease or any other arrangements, to engage in air transportation services or air commerce. The term may likewise refer to either a “Philippine air carrier” or a “foreign air carrier” as indicated by the context.
- g) ***“Air commerce”*** means and includes scheduled or non-scheduled air transport services for pay or hire, the navigation of aircraft in furtherance of a business, or the navigation of aircraft from one place to another for operation in the conduct of a business.
- h) ***“Aircraft”*** refers to any machine that can derive support in the atmosphere from the reactions of the air other than the reactions of the air against the earth’s surface. The term **“aircraft,”** when used in this Act or in regulations issued under this Act, shall refer to civil aircraft only, and will not include state or public aircraft.
- i) ***“Aircraft Accident”*** refers to an occurrence associated with the operation of an aircraft which takes place between the time any person boards the aircraft with the intention of flight until such time as all such persons have disembarked, in which:

- (i.a) Any person suffers death or serious injury as a result of being in or upon the aircraft or by direct contact with the aircraft of anything attached thereto; or
- (i.b) The aircraft receives substantial damage
- j) **“Aircraft Radio Station”** refers to a radio station on board any aircraft.
- k) **“Aircraft engine”** refers to any engine used, or intended to be used, for propulsion of aircraft and includes all parts, appurtenances, and accessories thereof other than propellers.
- l) **“Aircraft Incident”** refers to the occurrence, other than an accident, which is associated with the operation of an aircraft when the safety of the aircraft has been endangered, or is a situation which could endanger an aircraft and if it occurred again in other circumstances.
- m) **“Aircraft piracy”** refers to any actual or attempted seizure or exercise of control, by force or violence, or by any other form of intimidation, with wrongful intent, of an aircraft within the jurisdiction of the Philippines.
- n) **“Airman”** refers to
  - (n.a) Any individual who engages, as the person in command or as pilot, mechanic, or member of the crew, or who navigates an aircraft while the aircraft is underway;
  - (n.b) Any individual in charge of the inspection, maintenance, overhauling, or repair of aircraft, and any individual in charge of the inspection, maintenance, overhauling, or repair of aircraft, aircraft engines, propellers, or appliances; or
  - (n.c) Any individual who serves in the capacity of flight operations officer;
- o) **“Airman License”** refers to a written authorization or permission issued to any person for the exercise of the privileges of flying, maintaining, controlling, directing, dispatching, instructing or any other civil aviation activity which is regulated and supervised by the Authority.
- p) **“Air Navigation”** refers to the practice of controlling, guiding and operating aircraft from airport of departure to pre-determined airport of destination, including alternate airports. To ensure safety, regularity and efficiency of civil aviation operations, standardization and common understanding among all parties involved are essential in all matters

affecting the operation of aircraft and the numerous facilities and services required in their support, such as airports, telecommunications, navigation aids, meteorology, air traffic services, search and rescue, aeronautical information services and aeronautical charts, in accordance with the procedures, rules and regulations contained in the appropriate Annexes to the Chicago Convention.

- q) ***“Air Navigation facility”*** refers to any facility used in, available for use in, or designed for use in aid of air navigation, including airports, landing areas, lights, any apparatus or equipment for disseminating weather information, for signaling, for radio directional finding, or for radio or other electromagnetic communication, and any other structure or mechanism having a similar purpose for guiding or controlling flight in the air or the landing and take-off of aircraft.
- r) ***“Air Navigation Services”*** includes information, directions and other facilities furnished, issued or provided in connection with the navigation or movement of aircraft, and the control of movement of vehicles in any part of an airport used for the movement of aircraft.
- s) ***“Air Operator”*** refers to any organization which undertakes to engage in domestic commercial air transport or international commercial air transport, whether directly or indirectly or by a lease or any other arrangement.
- t) ***“Air Operator Certificate (AOC)”*** refers to a certificate authorizing an operator to carry out specified commercial air transport operations.
- u) ***“Air Route”*** means the navigable airspace between two points and the terrain beneath such airspace identified, to the extent necessary, for application of flight rules.
- v) ***“Air Route and Airway Facilities”*** refers to facilities provided to permit safe navigation of aircraft within the airspace of air routes and airways, including:
  - (v.a) Visual and non-visual aids along the air routes and airways
  - (v.b) Visual and non-visual aids to approach and landing at airports;
  - (v.c) Communication services;
  - (v.d) Meteorological observations;

- (v.e) Air traffic control services and facilities; and
- (v.f) Flight services and facilities
- w) **“Airport”** refers to any area of land or water designed, equipped, set apart or commonly used for affording facilities for the landing and departure of aircraft and includes any area or space, whether on the ground, on the roof of a building or elsewhere, which is designed, equipped or set apart for affording facilities for the landing and departure of aircraft capable of descending or climbing vertically.
- x) **“Air Transport”** refers to the transportation of persons, property, mail or cargo by aircraft
- y) **“Air Transport Service”** refers to the act of transporting persons, property, mail cargo, in whole or in part, by aircraft to points within or outside of the Philippines.
- z) **“Airworthiness”** means that an aircraft, its engines, propellers, and other components and accessories, are of proper design and construction, and are safe for air navigation purposes such design and construction being consistent with accepted engineering practice and in accordance with aerodynamic laws and aircraft science.
- aa) **“Annexes to the Chicago Convention”** refers to the documents issued by the International Civil Aviation Organization (ICAO) containing the Standards and Recommended Practices applicable to civil aviation.
- bb) **“Appliances”** refers to the instruments, equipment, apparatus, parts, appurtenances, or accessories, of whatever description, which are used, or are capable of being or intended to be used, in the navigation, operation, or control of aircraft in flight (including parachutes and including communication equipment and any other mechanism or mechanisms installed in or attached to aircraft during flight), and which are not part or parts of aircraft, aircraft engines, or propellers.
- cc) **“Authority”** refers to The Philippine Civil Aviation Authority created pursuant to the provisions of this Act and shall, as indicated by the context, include the Board of Directors and/or Director General created pursuant thereto.
- dd) **“Aviation Certificate”** refers to any airworthiness certificate, airman certificate, air operator certificate, certificate authorizing the operation of

an aviation school or approved maintenance organization or other document issued by virtue of the provisions of this Act in respect of any person, aircraft, airport or aviation related service.

- ee) ***“Board of Directors”*** refers to the board of the Civil Aviation Authority created under this Act.
- ff) ***“Chicago Convention”*** refers to the international basis for civil aviation agreements.
- gg) ***“Commercial air transport operation”*** refers to an aircraft operation involving the transport of passengers, cargo or mail for remuneration or hire.
- hh) ***“Commercial Operations”*** shall refer to the type of air commerce proposed to be undertaken by an air carrier under its business plan.
- ii) ***“Citizen of the Philippines”*** refers to one of the following:
  - (ii.a) An individual who is a citizen of the Philippines;
  - (ii.b) A partnership of which each member is a citizen of the Philippines;
  - (ii.c) A corporation or association created or organized and authorized under the laws of the Philippines.
- jj) ***“Civil aircraft”*** refers to any aircraft other than a state or public aircraft.
- kk) ***“Civil aviation”*** refers to the operation of any civil aircraft for the purpose of general aviation operations, aerial work or commercial air transport operations.
- ll) ***“Crew Member”*** refers to a person assigned to perform duties on an aircraft in flight.
- mm) ***“Dangerous good”*** refers to articles or substances that are capable of posing significant risks to health, safety of property when transported by air.
- nn) ***“Director”*** refers to the Director General appointed under this Act.
- oo) ***“Domestic air commerce”*** refers to and includes air commerce within the limits of the Philippine territory.
- pp) ***“Domestic air transport”*** refers to air transportation within the limits of the Philippine territory

- qq) ***“Foreign Air Carrier”*** refers an air carrier who is not a citizen of the Philippines and any place outside it.
- rr) ***“Foreign Air Transport”*** refers to air transportation between the Philippines and any place outside it, or wholly outside the Philippines.
- ss) ***“Foreign air operator”*** refers to any operator, not being a Philippines air operator, which undertakes, whether directly or indirectly or by lease or any other arrangement, to engage in commercial air transport operations within borders or airspace of the Philippines, whether on a scheduled or chartered basis.
- tt) ***“General aviation operation”*** refers to an aircraft operation of a civil aircraft for other than a commercial air transport operation or aerial work operation.
- uu) ***“ICAO”*** refers to the International Civil Aviation Organization.
- vv) ***“International commercial air transport”*** refers to the carriage by aircraft of persons or property for remuneration or hire or the carriage of mail between any two or more countries.
- ww) ***“Navigable airspace”*** refers to the airspace above the minimum altitudes of flight prescribed by regulations under this Act and includes airspace needed to insure safety in the take-off and landing of aircraft.
- xx) ***“Navigation of aircraft”*** refers to a function that includes the piloting of aircraft.
- yy) ***“Operator”*** refers to a person, organization or enterprise engaged in or offering to engage in an aircraft operation. Any person who causes or authorizes the operation of aircraft, whether with or without the control (in the capacity of owner, lessee, or otherwise) of the aircraft, shall be deemed to be engaged in the operation of aircraft within the meaning of this Act.
- zz) ***“Person”*** refers to any individual, firm, partnership, corporation, company, association, joint-stock association, or body politic, and includes any trustee, receiver, assignee, or other similar representative of these entities.
- aaa) ***“Philippine air carrier”*** refers to an air carrier who is a Citizen of the Philippines
- bbb) ***“Philippine aircraft”*** refers to an aircraft registered in the Philippines in accordance with the requirements of this Act.



- ccc) ***“Propeller”*** refers to an inclusive term for all parts, appurtenances, and accessories of a propeller.
- ddd) ***“Public aircraft”*** refers to an aircraft used exclusively in the service of any government or of any political jurisdiction thereof, including the Government of the Philippines, but not including any government owned aircraft engaged in operations which meet the definition of commercial air transport operations.
- eee) ***“Rules of the Air”*** refers to those provisions for securing the safety of aircraft in flight and in movement on the surface and the safety of persons and property on the surface. These provisions include:
- (eee.a) Lights and signals to be shown by aircraft;
  - (eee.b) General, visual and instrument flight rules;
  - (eee.c) Airport Traffic rules; and
  - (eee.d) Airport signals and markings
- fff) ***“Spare parts”*** refers to any parts, appurtenances, and accessories of aircraft (other than aircraft engines and propellers), of aircraft engines (other than propellers), of propellers, and of appliances, maintained for installation or use in an aircraft, aircraft engine, propeller, or appliance, but which at the time are not installed therein or attached thereto.
- ggg) ***“Special aircraft jurisdiction of the Philippines”***. This includes:
- (ggg.a) Civil aircraft of the Philippines; and
  - (ggg.b) Any other aircraft within the jurisdiction of the Philippines, while the aircraft is in flight, which is from the moment when all external doors are closed following embarkation until the moment when one such door is opened for disembarkation or, in case of a forced landing, until the competent authorities take over the responsibility of the aircraft and the persons and property aboard.
- hhh) ***“Validation”*** refers to the written acceptance of an action of the civil aviation authority of another country in lieu of an action that this Act assigns to the Director General.

- iii) *“Landing fees”* refer to all charges for the use of any landing strip or runway by any aircraft landing or taking off at an aerodrome.
- jjj) *“Terminal fees”* refer to charges for parking at or near the ramp, terminal area, or building, for purposes of loading or unloading passengers and/or cargo.
- kkk) *“Royalties”* refer to all charges based on gross business or sales, or gross or net profit.
- lll) *“Supplies”* include any and all items of whatever nature or description which may be necessary for, or incidental to, the operation of an aircraft.

**SECTION 4. *Creation of the Authority.*** There is hereby created an independent regulatory body with quasi-judicial and quasi-legislative powers and possessing corporate attributes to be known as the Civil Aviation Authority of the Philippines (CAAP), hereinafter referred to as the “Authority,” attached to the Department of Transportation and Communications (DOTC) for the purpose of policy coordination. For this purpose the existing Air Transportation Office created under the provisions of the Republic Act 776 as amended is hereby abolished.

- a) **ESTABLISHMENT OF AUTHORITY HEADED BY A DIRECTOR GENERAL.** The Authority shall be headed by a Director General of Civil Aviation, referred to in this Act as the “Director”, who shall be appointed by the President of the Philippines and shall be responsible for all civil aviation in the Philippines and the administration of this Act. The Director shall be appointed based on the qualifications herein provided and shall have a tenure of office for a period of three (3) years. His appointment may be extended for another non-extendible term of three (3) years and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission.
- b) **RESPONSIBILITY OF DIRECTOR.** The Director shall be responsible for the exercise of all powers and the discharge of all duties of the Authority and shall have control over all personnel and activities of the Authority.

**SECTION 5. *Composition of the Board Members.*** The corporate powers of the Authority shall be vested in a Board, which is composed of seven (7) members:

- a) The Secretary of the Department of Transportation and Communications shall act as Chairman *ex-officio*;
- b) The Director General of Civil Aviation (DGCA) who shall automatically be the Vice Chairman of the Board
- c) The Secretary of Finance.
- d) The Secretary of Foreign Affairs.
- e) The Secretary of Justice
- f) The Secretary of Interior and Local Government
- g) A representative, from private sector, with at least five (5) years significant experience in the national civil aviation industry, who must be a Filipino citizen, of good moral character, unquestionable integrity and who shall be appointed by the President of the Philippines to hold office for a period of three (3) years.

The Directors listed under subsections (a) to (f) shall be ex-officio members of the Board of Directors. Provided, that, in the absence of the Director appointed in subsections (c) to (f), the Director concerned shall designate the officer next in rank to him in his department or office to act on his behalf as a Director.

**SECTION 6. *Prohibited Interests.*** All members of the Board or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be prohibited from holding any interest whatsoever, either as investor, stockholder, officer or director, in any company or entity engaged in air commerce, whether scheduled or unscheduled, passenger or cargo, domestic or international, or in any business providing support services to persons engaged in air commerce (i.e. general sales agencies, travel agencies, cargo forwarders, ground handling, catering, fuel servicing, aircraft maintenance, etc.) and must therefore divest, through sale or legal disposition, of any and all interests in such undertakings upon the member's assumption of office. Any violation of this section shall subject the member concerned to removal from Authority for cause as well as administrative, civil or criminal prosecution under applicable laws.

**SECTION 7. *Limitation of Subsequent Employment.*** No member of the Board or any employee of the Authority shall accept employment or enter into a contract of service with an entity regulated by the Authority, until the expiry of one (1) year from the termination of his appointment whether by resignation or revocation or otherwise.

**SECTION 8. *Quorum.*** The presence of at least four (4) members of the Board shall constitute a quorum and the majority vote of three (3) members in a meeting where a quorum is present shall be necessary for the adoption of any rule, ruling, order, resolution, decision or other act of the Board in the exercise of its functions.

**SECTION 9. *Qualifications of Director General.*** No person shall be appointed or designated as a Director General unless he is a Filipino citizen, at least thirty five (35) years of age, of good moral character, unquestionable integrity, recognized competence and a degree holder with at least five (5) years supervisory or management experience in the field of aviation.

**SECTION 10. *Board of Directors.*** The powers and functions of the Authority shall be vested in and exercised by, a Board of Directors, which are as follows:

- a) Provide comprehensive policy guidance for the promotion and development of the aviation industry as provided in this Act;
- b) Formulate the objectives, strategies, and policies to be followed by the Authority;
- c) Ensure that the Authority performs its functions in a proper, efficient, and effective manner;
- d) Determine the organizational structure of the Authority, establish a human resources management system based on merit and fitness, and adopt a rational compensation and benefits scheme;
- e) Approve the annual and supplementary budget;
- f) Submit an annual report to the President of the Philippines and the Congress.

**SECTION 11. *Board Meetings.*** The Board shall meet regularly once a month and may hold special meetings to consider urgent matters upon call of the Chairman or any four (4) members. Internal rules of procedure in the conduct of Board meetings shall be as prescribed by the Board.

**SECTION 12. *Per Diems.*** The Members of the Board shall receive a *per diem* for each meeting actually attended. The per diems of the members of the Board shall be determined pursuant to a resolution adopted by the Board subject to compliance of the guidelines duly existing and applicable by the Commission on Audit.

**SECTION 13. *Personnel.*** Qualified existing personnel of ATO shall be given preference in the filling up of plantilla positions created in the Authority, subject to existing civil service rules and regulations.

**SECTION 14. *Principal Office.*** The Authority shall have its principal office in Metro Manila and may hold hearings on any proceedings at such time and places within the Philippines, as it may provide by order in writing.

**SECTION 15. *Capitalization.*** The Authority shall have an authorized capital stock of Fifty Billion Pesos (P50,000,000,000.00) and shall be fully subscribed by the Republic of the Philippines. The subscription of the National Government shall be paid as follows:

- a) The unexpended balances of appropriations in the current *General Appropriations Act*, and other acts in force upon approval hereof, pertaining to, held or used by, the Air Transportation Office (ATO);
- b) The values of the existing assets of the Air Transportation Office (ATO), which shall be determined by an independent and qualified appraiser or appraisers within six (6) months from the effectivity of this Act;
- c) Any surplus income accruing to the Authority upon its organization into a corporate body and its assumption of the assets and liabilities of the Air Transportation Office (ATO); and

- d) Such amount as may be appropriated from time to time from the funds of the National Treasury, including any outlay from the infrastructure program of the National Government. The initial operating capital for the Authority in the amount of One Billion Six Hundred Seventy Nine Million Three Hundred Two Thousand Pesos (P1,679,302,000.00) is hereby authorized to be appropriated out of the National Treasury. Not otherwise appropriated which shall be covered by preferred shares of the Authority and which may be retired within five (5) years.

**SECTION 16. *Fiscal Autonomy.*** The Authority shall enjoy fiscal autonomy. All moneys earned by the Authority from the collection/levy of any and all such fess, charges, dues, assessments and fines it is empowered to collect/levy under this Act shall be used solely to fund the operations of the Authority.

**SECTION 17. *Exemption from Taxes, Customs and Tariff Duties.***

(a) The importation of equipment, machineries, spare parts, accessories, and other materials, including supplies and services used in the operations of the Authority, not obtainable locally, shall be exempt from all direct and indirect taxes, wharfage fees and other charges and restrictions, the existence of pertinent laws to the contrary notwithstanding.

(b). All obligations entered into by the Authority and any income derived therefrom, including those contracted with private international banking and financial institutions shall be exempt from all taxes on both principal and interest. The Authority is also exempt from the payment of capital gains tax, documentary stamp tax, real property/estate tax and all other local government imposed taxes and fees.

**SECTION 18. *Schedule of Fees and Charges.*** The Authority shall adopt and publish its schedule of fees and charges. The Authority shall hold such public hearings or consultative meetings, with stakeholders in the industry before adopting its schedule of fees and charges. The Authority shall not revise its schedule of fees and fines more often than once every three (3) years.

**SECTION 19. *Compensation and Other Emoluments of Authority Personnel.*** The compensation and other emoluments for the Director General and the Authority's personnel shall be exempted from the coverage of Republic Act No. 6758 otherwise known as the "Salary Standardization Act". Within six (6) months from effectivity of this Act, the Board shall determine the new schedule of salaries of the employees of the Authority subject to compliance with the existing and applicable guidelines of the Commission on Audit.

**SECTION 20. *Transfer of Properties.*** The funds and appropriations, records, equipment, and property of ATO is hereby transferred to the Authority.

**SECTION 21. *Annual Report.*** The Authority shall prepare and submit an annual report to the President of the Philippines, copy furnished to the Congress, on its accomplishments at the close of each calendar year.

**SECTION 22. *Powers and Functions.*** The Authority shall have such powers as are granted to the Board and the Director under the provisions of this Act.

**SECTION 23. *Corporate Powers.*** The Authority, acting through the Board, shall have the following corporate powers:

- a) To succeed in its corporate name, to sue and be sued in such corporate name, and to adopt, use and alter its corporate seal, which shall be judicially noticed;
- b) To adopt, amend or repeal its By-Laws;
- c) To enter into, make, perform, and carry out contracts of every class, kind and description, which are necessary or incidental to the realization of its purposes, with any person, domestic or foreign private firm, or corporation, local or national government office, agency, and with international institutions, or foreign government;
- d) To raise money, contract loans, indebtedness, credit and issue commercial papers and bonds, in any local or convertible foreign currency from any

other international financial institutions under terms and conditions prescribed by law, rules, and regulations; provided that:

- (d.a) The Authority's outstanding liabilities and obligations, foreign and domestic, shall not exceed, at any time, fifty percent (50%) of its net worth;
  - (d.b) The annual amortization on principal and interest shall not be more than twenty percent (20%) of the prior year's gross revenues;
  - (d.c) Where appropriate, obligations incurred from private sources of capital may be secured by suitable assets or backed by priority claims against property of the Authority;
  - (d.d) Obligations shall be considered the sole liability of the Authority, unless otherwise guaranteed by the Republic of the Philippines upon approval of the President with the prior concurrence of the Monetary Board; and
  - (d.e) Issuance of bonds or long term notes shall be with prior approval of or in accordance with the rules issued by the National Treasurer.
- e) To execute any deed of guarantee, mortgage, pledge, trust or assignment of any property for the purpose of financing the programs and projects deemed vital for the attainment of its goals and objectives;
  - f) To construct, acquire, own, hold, operate, maintain, administer, and lease personal and real properties, including buildings, machinery, equipment, other infrastructure, agricultural lands, and its improvements, property rights, and interest therein, and to encumber, mortgage, dispose, sell, or alienate or otherwise dispose the same at the fair market value it may deem appropriate; to lease its plant, machinery, equipment or goods not immediately required by it. Provided that, no real property thus acquired and any other real property shall be sold without the approval of the President of the Philippines.
  - g) To receive gifts, donations, grants, bequests, services, properties, whether personal or real, and assistance of all kinds, from private and public sources, firms, institutions, domestic and foreign governments, and international institutions, and utilize the same for the purposes set forth in this Act.



- h) To invest its funds and other assets in such areas, ventures, and projects as it may deem wise;
- i) To settle under such terms and conditions most advantageous to it, any claim by or against it;
- j) To determine and keep its own system of accounts following generally accepted principles of accounting, as well as the forms and contents of its contracts and other business documents;
- k) To perform such other acts, as are necessary or convenient in connection with the performance of its functions, to carry the purposes of this Act.

**SECTION 24. Powers of the Board.** The Board shall have the following general powers:

- a) Exercise general supervision over all offices and employees of the Authority.
- b) Provide comprehensive policy guidance for the promotion and development of the Philippine aviation industry, as provided for in this Act.
- c) Ensure that the Authority performs its functions in a proper, efficient and effective manner.
- d) Decide the objectives, strategies, and policies of the Authority in accordance with the provisions of this Act.
- e) Determine the organizational structure of the Authority in accordance with the provisions of this Act, establish a human resources management system based on merit and fitness, and adopt a rationale compensation and benefits scheme.
- f) Exercise appellate powers on any decisions, findings and rulings of the Director, to issue subpoena ad testificandum or subpoena duces tecum requiring the attendance and testimony of witnesses in any matter or inquiry pending before the Board and require the production of books, papers, contracts, agreements and all other documents submitted for purposes of this section to be under oath and verified by the person in custody thereof as to the truth and correctness of data appearing in such books, papers, tariffs, contracts, agreements and all other documents.
- g) Exercise appellate powers to order the taking of depositions in any proceeding, or investigation, pending before the Board at any stage of such proceeding or investigation.

- h) To use available services, equipment, personnel and facilities of other agencies of the Philippine Government, on a reimbursable basis when appropriate, and, on a similar basis, to co-operate with those agencies in the establishment and use of services, equipment and facilities of the Authority.
- i) Use the property of the Authority in such a manner as may appear to the Authority to be requisite, advantageous or convenient with a view to making the best use of any of the property of the Authority in relation to its functions under this Act .
- j) To invest such of the Authority's funds that are not immediately required for operating expenses, or other immediate obligations in any business venture the Board may deem appropriate, or in such secured note, government securities, and other negotiable instruments that satisfy the guidelines prescribed by the Board. Funds of the Authority shall be deposited in such commercial and universal banks as the Board may determine, subject to the requirements of existing laws. *The Board shall designate the officials authorized to deposit in or withdraw funds from such depository banks.*
- k) To promulgate rules and regulations as may be necessary in the interest of safety in air commerce pertaining to the issuance of the airman's certificate including licensing of operating and mechanical personnel, type certificate for aircraft, aircraft engines, propellers and appliances, airworthiness certificate, air carrier operating certificate, air agency certificate, navigation facility and aerodrome certificate; air traffic routes; radio and aeronautical telecommunications and air navigation aids; aircraft accident inquiry; aerodromes, both public and private owned; construction of obstructions to aerodromes; height of buildings; antennae and other edifices; registration of aircraft; search and rescue; facilitation of air transport; operations of aircraft, both for domestic and international, including scheduled and non-scheduled; meteorology in relation to civil aviation; rules of the air; air traffic services; rules for prevention of collision of aircraft; identification of aircraft; rules for safe altitudes of flight; and such other rules, and regulations, standards, governing other practices, methods, procedures as the Director may find necessary and appropriate to provide adequately for safety regularity and efficiency in air commerce and air navigation.

- l) To impose and fix reasonable charges and fees for the use of government aerodromes or air navigation facilities; for services rendered by the Authority in the rating of any aerodrome or air navigation facilities, civil aviation schools and instructions, aircraft repair stations, and aircraft radio and aeronautical telecommunications stations.
- m) To fix the reasonable charges to be imposed in the use of privately owned air navigation facilities and aerodromes.
- n) To adopt a system for registration of aircraft as hereinafter provided.
- o) To determine and fix, landing fees, parking space fees, royalties on sales or deliveries, direct or indirect, to any aircraft for its use of aviation gasoline, oil and lubricants, spare parts, accessories, and supplies, tools, other royalties, fees or rentals for the use of any of the property under its management and control.
- p) Approve the annual and supplementary budget plan for utilization of retained revenue.
- q) Exercise the corporate powers granted to the Authority.
- r) The Board, upon its own initiative or recommendation of the Director or an application of a private person, may grant exemption from the requirements of observing rules or regulations issued in accordance with this Act provided that said grant of exemption is not prejudicial to flight safety.
- s) The Board shall formulate rules and regulations concerning compliance of the carrier and the public for the safe transport of goods and materials by air pursuant to International Standard or Annexes to the Chicago Convention
- t) The Board in coordination with the appropriate government agency tasked to provide airport security shall:
  - (t.a) prescribe reasonable regulation requiring that all passengers and all property intended to be carried in the aircraft cabin in commercial air transport be screened by weapon detecting procedure or facilities employed or operated by employees or agents of the air operator or foreign air operator prior to boarding the aircraft for such transportation;
  - (t.b) prescribe such other reasonable rules and regulations requiring such parties, methods, and procedures as the Director may find necessary to

protect persons and property aboard aircraft operating in commercial air transport against acts of criminal violence and aircraft piracy.

(t.c) to the extent practicable, require uniform procedures for the inspection, detention, and search of persons and property in domestic commercial air transport and international commercial air transport to assure their safety and to assure that they will receive courteous and efficient treatment by air operators and their agents and employees.

**SECTION 25. *Issuance of Rules and Regulations.*** The Board, in consultation with the Director General, shall issue and provide for the enforcement of such orders, rules and regulations as may be necessary to give effect to the provisions of this Act. All rules and regulations issued in accordance with the provisions of this Act shall be formally promulgated in accordance with the requirements of the Administrative Code of the Philippines or any amendment or successor thereto. Pending the promulgation of such new rules and regulations, the current rules and regulations of ATO shall continue to apply.

**SECTION 26. *Setting of Charges and Fees.*** The Board, in consultation with the Director shall determine, fix, impose, collect or receive reasonable charges, fees, dues or assessments in respect of aviation certificates, licenses and all other authorizations or permissions authorized to be issued under this Act and all services performed by the Authority. All charges and fees shall be formally promulgated in accordance with the requirements of the Administrative Code of the Philippines or any amendment or successor thereto. Pending the promulgation of such new schedule of charges and fees, the current charges and fees of ATO shall continue to apply.

**SECTION 27. *Issuance of Rules of Procedure and Practice.*** The Board may authorize the Director to issue or amend rules of practice and procedures as may be required to be issued pursuant to the provisions of this Act or issue and adapt rules and regulations and other issuances of the ICAO. Pending the promulgation of such new rules of procedures and practice, current rules of procedures and practices of ATO shall continue to apply

**SECTION 28. *Original Powers.*** Upon written petition by an interested party, the Board may, in the exercise of original powers, hear cases of national importance at the first instance. The Board shall, by regulation, set-forth such cases which may be brought directly before the Board.

**SECTION 29. *Appellate Powers.*** The Board, on an appeal properly taken by an interested party from a decision, judgment or order of a Director, shall have the power to:

- a) Review, confirm, modify, revise, amend, or reverse, as the case may be, decisions, judgments and/or orders of the Director.
- b) Confirm, remit, mitigate, increase, or compromise, as the case may be, fines imposed by the Director pursuant with the provisions of this Act.
- c) Review, confirm, modify, revise, amend or reverse, as the case may be, impositions by the Director of liens on personal and real properties of entities, persons, corporations or partnerships in default, or those who have failed to perform their obligations pursuant to rules and regulations promulgated under this Act, or those who shall have failed to pay the fines or other pecuniary penalties for violation thereof.

In no case that the Director shall participate in the hearing and adjudication of an appealed case before the Board where the subject of Appeal is a judgment or decision rendered by his Office. In such case, it requires four (4) concurring votes of the members of the Board who actively participated in the deliberation of the appealed case before the judgment or decision of the Director can be modified or reversed.

**SECTION 30. *Power to Administer Oaths.*** The members of the Board, the Director and such other duly designated officers of the Authority shall have the authority to administer oaths in the transaction and performance of their official duties.

**SECTION 31. *Annual Budget.*** The Board shall adopt an annual Budget to fund the operations of the Authority. Unless the Authority shall require subsidy and/or a guarantee of its liability from the National Treasury, the Authority's budget for the year need not be submitted to Congress for approval and inclusion in the General Appropriations Act. Supplementary estimates may be prepared or adopted in any of the Board meetings called for that purpose.

**SECTION 32. *Delegation of Functions.***

- a) Delegation to Officers, Employees, and Administrative Units of Authority. The Director General may, subject to such regulations, supervision, and review as may be prescribed, authorize the performance by any officer, employee, or administrative unit under the Director General's jurisdiction of any function under this Act.
- b) Delegation to Private Persons. The Director, in accordance with the policy guidelines prescribed by the Board, is authorized to delegate any assigned powers and duties to any properly qualified private person subject to his continuing supervision, regulation, and review as may be prescribed. However, the Director shall ensure that such functions are not delegated in such a way that air operators, aerial work or general aviation operators and maintenance facilities, in effect, regulate themselves.

**SECTION 33 *Limitation of Powers.*** The Board shall not exercise any power or function not otherwise expressly granted to it under this Act. Neither shall the Board exercise, in the first instance, any power or function that property falls within the authority, jurisdiction, powers or functions of a Director.

**SECTION 34. *Organizational Structure of the Authority.*** Within fifteen (15) days from the appointment of and acceptance by all members of the Board and the Director Generals of their respective appointment, the Board, in consultation with the Director General, shall meet to draw-up the Authority's organizational structure. The Board shall agree on the Authority's final organizational structure not later than six (6) months from the date of coming into effect of this Act.

In addition to the offices created under Sections 37 and 41 of this Act, the Board shall establish the following permanent offices:

- a) Air Traffic Service
- b) Air Navigation Service
- c) Aerodrome Development and Management Service
- d) Administrative and Finance Service

The Board may agree for the viability for the creation of additional offices and the finalization of the organizational structure not later than six (6) months from the date of effectivity of this Act.

Notwithstanding the qualification standards as may be prescribed by the Board and the Civil Service Commission, the selection and appointment of the heads of the foregoing offices shall be limited from the rank and file employees of the concerned services.

**SECTION 35. *Training Schools.***

- a) Authority to Operate. The Director may conduct a school or schools for the purpose of training employees of the Authority in those subjects necessary for the proper performance of all authorized functions of the Authority. The Director also may authorize attendance of courses given in such schools by other governmental personnel and personnel of foreign governments, or personnel of the aeronautical industry.
- b) Offset of Training Costs. The Director is hereby authorized, where appropriate, to require payment of appropriate consideration to offset the costs of training provided by such school or schools.

**SECTION 36. *Powers and Functions of the Director General.*** The Director General shall be the Chief Executive and Operating Officer of the Authority. He shall have the following powers, duties and responsibilities:

- a) To carry out the purposes and policies established in this Act; to enforce the provisions of, the rules and regulations issued in pursuance to said Act; and he shall primarily be vested with authority to take charge of the technical and operational phase of civil aviation matters.

- b) To designate and establish civil airways, to acquire, control, operate and maintain along such airways, navigation facilities and to chart such airways and arrange for their publication including the aeronautical charts or maps required by the international aeronautical agencies by utilizing the equipment, supplies or assistance of existing agencies of the government as far as practicable.
- c) To issue airman's certificate specifying the capacity in which the holder thereof is authorized to serve as airman in connection with aircraft and shall be issued only upon the finding that the applicant is properly qualified and physically able to perform the duties of the position. The certificate shall contain such terms, conditions and limitations as the Director may determine to be necessary to assure safety in air commerce: Provided, however, that the airman's license shall be issued only to qualified persons who are citizens of the Philippines or qualified citizens of countries granting similar rights and privileges to citizens of the Philippines.
- d) To issue airworthiness certificate for aircraft which shall prescribe the duration of such certificate, the type of service for which the aircraft may be used, and such other terms and conditions and limitations as are required.
- e) To issue air carrier operating certificate in accordance with the minimum safety standards for the operation of the air carrier to whom such certificate is issued. The air carrier operating certificate shall be issued only to aircrafts registered under the provisions of this Act.
- f) To issue type certificate for aircraft, aircraft engine, propellers and appliances.
- g) To inspect, classify and rate any air navigation facilities and aerodromes available for the use of aircraft as to its suitability for such use and to issue a certificate for such air navigation facility and aerodrome; and to determine the suitability of foreign aerodromes, air navigation facilities as well as air routes to be used prior to the operation of Philippine registered aircraft in foreign air transportation and from time to time thereafter as may be required in the interest of safety in air commerce.
- h) To issue certificates of persons or civil aviation schools giving instruction in flying, repair stations, and other air agencies and provide for the examination and rating thereof.
- i) To provide for the enforcement of the rules and regulations issued under the provisions of this Act and to conduct investigation for violations thereto.



In undertaking such investigation, to require by subpoena ad testificandum or subpoena duces tecum, the attendance and testimony of witness, the production of books, papers, documents, exhibits matter, evidence, or the taking of depositions before any person authorized to administer oath. Refusal to submit the reasonable requirements of the investigation committee shall be punishable in accordance with the provisions of this Act.

- j) To collect and disseminate information relative to civil aeronautics and the development of air commerce and the aeronautical industry; to exchange with foreign governments, information pertaining to civil aeronautics; and to provide for direct communication all matters relating to the technical or operational phase of aeronautics with international aeronautical agencies.
- k) To acquire and operate such aircraft as may be necessary to execute the duties and functions of the Authority prescribed in this Act.
- l) To plan, design, acquire, establish, construct, operate, improve, maintain, and repair necessary aerodromes and other air navigation facilities.
- m) To collect and receive charges and fees for the registration of aircraft and for the issuance and/or renewal of licenses or certificates for aircraft, aircraft engines, propellers and appliances, and airmen as provided in this Act.
- n) To impose fines and/or civil penalties in respect thereto.
- o) To participate actively with the largest possible degree in the development of international standardization of practices in aviation matters important to safe, expeditious, and easy navigation, and to implement as far as practicable the international standards, recommended practices, and policies adopted by appropriate international aeronautical agencies.
- p) To exercise and perform its powers and duties under this Act consistent with any obligation assumed by the Republic of the Philippines in any treaty, convention or agreement on civil aviation matters.
- q) To cooperate, assist and coordinate with any research and technical agency of the Government on matters relating to research and technical studies on design, materials, workmanship, construction, performance, maintenance and operation of aircraft, aircraft engines, propellers, appliances, and air navigation facilities including aircraft fuel and oil: Provided, That nothing in this Act shall be construed to authorize the duplication of the laboratory research, activities or technical studies of any existing governmental agency.

- r) To designate such prohibited and danger areas, in consonance with the requirements of the international aeronautical agencies and national security.
- s) To issue, deny, suspend, cancel or revoke any certificate, license pertaining to aircraft, airmen, and air agencies: Provided, that any order denying, suspending, canceling, revoking the certificate, or license may be appealed to the Board, whose decisions shall be final, within fifteen days from date of notification of such denial, cancellation, or revocation.
- t) To grant authorization to civil aircraft or persons to carry instruments or photographic device to be used for aerial photography or taking of pictures by photograph or sketching of any part of the Philippines.
- u) Pursuant to a Board Resolution, the Director shall have the authority to enter into, make and execute contracts of any kind with any person, firm, or public or private corporation.

### **SECTION 37. *The Office of Enforcement & Legal Service.***

To effectively implement the civil aviation regulatory, supervisory and administrative mandates of the Director under this Act, there be created a permanent office known as, the Enforcement and Legal Service, to be composed of in-house counsels of the Authority and necessary support staff.

This Office shall provide adequate legal assistance and support to the Director and to the Authority, as a whole, in the exercise of quasi-legislative and quasi-judicial power as provided for under this Act.

The exercise of the function by the Director to issue subpoena, ad testificandum, subpoena duces tecum and the imposition of any administrative sanction shall be within the exclusive determination and recommendation of the Enforcement and Legal Service.

### **SECTION 38. *Orders.***

- a) Effectiveness of Orders. Except in emergency situations, all orders, rules and regulations of the Director shall take effect within such reasonable times as the Director may prescribe, and shall continue in force until a further order, rule, or regulation, or for a specified period of time, as shall be prescribed in the order, rule, or regulation.

- b) **Emergencies.** Whenever the Director is of the opinion that an emergency requiring immediate action exists with respect to safety in civil aviation, the Director shall have the power, either upon complaint or the Director's initiative without complaint, at once, if the Director so orders, without answer or other form of pleading by the interested person or persons, and with or without notice, hearing, or the making or filing of a report, to make such just and reasonable orders, rules, or regulations as may be essential in the interest of safety in civil aviation to meet such emergency; provided that the Director shall immediately thereafter initiate proceedings relating to the matter giving rise to any such order, rule, or regulation.
- c) **Suspension and Modification of Orders .** The Director shall have the power to suspend or modify orders upon such notice and in such manner as the Director shall find proper
- d) **Public Compliance.** It shall be the duty of every person (along with any agents and employees thereof in the case of entities other than individuals) subject to this Act, to observe and comply with any order, rule, regulation, or certificate issued by the Director under this Act, affecting such person so long as the same shall remain in effect.

**SECTION 39. *Right of Access for Inspection.***

- a) The Director or his authorized representative shall be authorized access to civil aircraft, including aerodromes, without restriction wherever they are operated within the Philippines for purposes of ensuring that those aircraft are airworthy and being operated in accordance with this Act, regulations issued under this Act, and applicable ICAO Annexes.
- b) The Director or his authorized representative shall be authorized access to civil aircraft, registered in the Philippines without restriction wherever they are operated in the world for the purposes of ensuring that these aircraft are airworthy and are being operated in accordance with this Act and applicable regulations and directives.
- c) The Director or his authorized shall be authorized access by the Philippine Air Operators any place and any time to conduct any tests or inspections in their facility or offices in order to determine that those operations are

conducted in accordance with this Act and applicable regulations and directives.

- d) The Director or his authorized representative shall be authorized access to any aerodromes whether privately or government owned to conduct inspections or evaluation of the facilities therein in order to determine that its operations are conducted.

**SECTION 40. *Authority to Prevent Flight.***

- a) The Director is authorized to direct the operator or airman of a civil aircraft that the aircraft is not to be operated in situations where –
  - (a.a) The aircraft may not be airworthy; or
  - (a.b) The airman may not be qualified or physically or mentally capable for the flight; or
  - (a.c) The operation would cause imminent danger to persons or property on the ground.
- b) The Director may take such steps as are necessary to detain such aircraft or airmen.

**SECTION 41. *Creation of Flight Standards Inspectorate Service.***

The Board, other than the offices it shall create in furtherance of this Act, shall establish a permanent office known as Flight Standards Inspectorate Service that will assist the Director in carrying out the responsibilities of his Office for certification and on-going inspections of aircraft, airmen and air operators.

The inspectorate shall perform the following functions:

- a) Airworthiness Inspection
- b) Flight Operations Inspection and Evaluation
- c) Personnel Licensing

Furthermore, the Board shall create, but not limited, the following offices which will provide support to the functions of the Flight Standard Inspectorate Service, namely, Aircraft Registration, Aircraft Engineering and Standards, Airmen Examination Board, and Office of the Flight Surgeon.

**SECTION 42. *Validation.*** The Director is authorized, in the discharge of certification and inspection responsibilities, to validate the actions of the civil authority of another State in lieu of taking the specific action, with the following restrictions:

- a) For actions on airman or airworthiness certificates, the other State must be a signatory to the Chicago Convention and be fulfilling their obligations under the Chicago Convention with respect to the issuance and currency of these certificates.
- b) For actions applicable to Air Operators, the Director must exercise discretion and require supporting documents. The Director should ensure that, when validation is based on the actions of another civil aviation authority, there is no information to indicate that the State does not meet their obligations under the Chicago Convention regarding certification and on-going validation of their air operators.

**SECTION 43. *Aircraft Accident Investigation and Inquiry Board.*** Pending the establishment of an independent and separate government agency created to conduct investigation of accidents on land, air and water, the Director shall organize an aircraft accident investigation and inquiry board to be composed of personnel of the Authority specialized in the various disciplines of civil aviation.

- a) **REPORTING OF ACCIDENTS.** The Board shall promulgate rules and regulations governing the notification and reporting of accidents and incidents involving aircraft.
- b) **GENERAL AUTHORITY TO INVESTIGATE.** Except as provided in subsection (c) of this Section, the Director shall have-
  - (b.a) The power and shall investigate, or arrange by contract or otherwise for the investigation of, accidents involving aircraft occurring in the Philippines and civil aircraft registered in the Philippines occurring outside the territory of any foreign country for the purpose of determining the facts, conditions, and circumstances relating to each accident and the probable cause thereof.
  - (b.b) The authority to participate in the investigation of accidents involving aircraft registered in the Philippines occurring outside the territory of a foreign country, consistent with any treaty,

convention, agreement, or other arrangement between the Philippines and the country in whose territory the accident occurred.

- c) ACCIDENT PREVENTION. The Director shall take any corrective actions which, on the basis of the findings of the accident investigations authorized under this Section, that, in the judgment of the Director, will tend to prevent similar accidents in the future
- d) INVESTIGATION OF ACCIDENTS WITHIN MILITARY SITES. Notwithstanding any other provision of this Section, and, the investigation of an accident involving aircraft occurring within military sites in the Philippines or an accident involving solely an aircraft of the armed forces of any foreign country occurring in the Philippines shall be the responsibility of the military. For the purpose of this subsection, the term 'military sites' means those areas within the Philippines which are under the control of the military of the Philippines or the military of another country.
- e) USE AS EVIDENCE. No part of any report or reports of the Director relating to any accident or the investigation thereof, shall be admitted as evidence or used in any suit or action for damages arising out of any matter mentioned in such report or reports except when the criminal liabilities/aspects of the accident is put into issue.

**SECTION 44. *Establishment of Registry.*** The Authority shall establish and maintain a system for the national registration of aircraft in the Philippines.

**SECTION 45. *Eligibility for Registration.*** Except as otherwise provided in the Constitution and existing treaty or treaties, no aircraft shall be eligible for registration unless it is owned by or leased to a citizen or citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60 per centum of whose capital is owned by Filipino citizens. That, under such rules and regulations to be promulgated by the Board foreign-owned or registered aircraft may be registered if utilized by members of aero clubs organized for recreation, sport or the development of flying skills as a pre-

requisite to any aeronautical activities of such clubs within the Philippine airspace. (R.A. 776, P.D. 1278, E.O. 546, B.P. 504).

Such certificate shall be conclusive evidence of nationality for international purposes, but not in any proceeding under the laws of the Republic of the Philippines.

The certificate of registration is conclusive evidence of ownership, except in a proceeding where such ownership is, or may be, at issue.

**SECTION 46. *Application for Aircraft Registration.*** Applications for certificate of registration shall be made in writing, signed and sworn to by the owner of any aircraft eligible for registration. The application shall also state: (1) the date and place of filing; (2) the specification, construction, and technical description of the aircraft; and (3) such other information as may be required by the Authority in such manner and form as the Authority may prescribe by regulation.

**SECTION 47. *Issuance of Certificate of Registration.*** Should the Director, upon considering the application for registration, find the aircraft eligible for registration, such aircraft shall be registered under the provision of this Act and the owner thereof shall be issued a certificate of registration.

**SECTION 48. *Nationality.*** An aircraft shall acquire Philippine nationality when registered pursuant to this Act.

**SECTION 49., *Revocation.*** Any certificate of registration may be revoked by the Authority for any cause which renders the aircraft ineligible for registration.

**SECTION 50. *Conveyance to be Recorded.*** No conveyance made or executed, which affects the title to, or interest in, any aircraft of Philippine registry, or any portion thereof shall be valid in respect to such aircraft or portion thereof against any person other than the person by whom the conveyance is made or executed, his heirs, assignees, executors, administrators, devisees, or successors in interest, and any person having actual notice thereof, until such conveyance is recorded in the Authority. Every such conveyance so recorded shall be valid as against all persons. Any instrument, recording of which is required by the provisions of this Act, shall take effect from the date of its record in the books of the Authority, and not from the date of its execution.

**SECTION 51. *Form of Conveyance.*** No conveyance may be recorded under the provisions of this Act unless it complies with the requirements for the registration of documents similar land registration process. The conveyance to be recorded shall also state: (1) the interest in the aircraft of the person by whom such conveyance is made or executed or, in the case of a contract of conditional sale, the interest of the vendor; and (2) the interest transferred by the conveyance.

**SECTION 52. *Establishment of System of Recording.*** The Authority shall establish a national system for recording documents that affect title to or any interest in any aircraft registered in accordance with this Act and in any aircraft engine, propeller, appliance or spare parts intended for use on any such aircraft.

**SECTION 53. *Method of Recording.*** The Authority shall record conveyances delivered to it in the order of their receipt, in files kept for that purpose, indexed to show:

- a) The identifying description of the aircraft;
- b) The names of the parties to the conveyance;
- c) The date of the instrument and the date and time it is recorded;
- d) The interest in the aircraft transferred by the conveyance;



- e) If such conveyance is made as security for indebtedness, the amount and date of maturity of such indebtedness; and
- f) All particular estates, mortgages, liens, leases, orders, and other encumbrances and all decrees, instruments, attachments, or entries affecting aircraft and other matters properly determined under this Act.

**SECTION 54. *Validity before Filing.*** Upon establishment of a recording system in accordance with the provisions of this Act, no document affecting title to or any interest in such registered aircraft, aircraft engines, propellers, appliances, or spare parts shall be valid except as between the parties thereto, unless the document is registered in such recording system.

**SECTION 55. *Previously Unrecorded Ownership.*** Applications for the issuance or renewal of an airworthiness certificate for aircraft whose ownership has not been recorded as provided in this Act shall contain such information with respect to the ownership of the aircraft as the Director shall deem necessary to show who have property interests in such aircraft and the nature and extent of such interest.

**SECTION 56. *General***

- a) **Promoting Safety.** The Director shall have the power and duty to promote safety of flight of civil aircraft in civil aviation by prescribing and revising from time to time as necessary-
  - (a.a) Reasonable rules and regulations implementing, at minimum, all standards of the Annexes to the Chicago Convention;
  - (a.b) Such other reasonable rules, regulations, or minimum standards governing other practices, methods, and procedures as the Director may find necessary to provide adequately for safety in civil aviation
- b) **Considerations in the Regulation of Air Operators.** In prescribing standards, rules and regulations and in issuing certificates under this Act, the Director shall take into consideration the obligation of air operators to perform their services with the highest possible degree of safety pursuant to public interest.

**SECTION 57. *Form of Applications.*** Applications for certificates issued by virtue of this chapter shall be in such form, contain such information, and be filed and served in such manner as the Authority may prescribe and shall be under oath or affirmation whenever the Authority so requires.

#### **A. Certification of Airmen**

**SECTION 58. *Authority to Certificate Airmen.*** The Director is authorized to issue airmen certificates specifying the capacity in which the holders thereof are authorized to serve as airman in connection with aircraft.

**SECTION 59. *Application and Issuance.*** Any individual may file with the Director an application for an airman certificate. If the Director finds, after due investigation, that such individual possesses the proper qualifications for, and is physically able to, perform the duties pertaining to the position for which the airman certificate is sought, the Director shall issue such certificate.

**SECTION 60. *Terms and Conditions.*** The airman certificate shall contain such terms, conditions and tests of physical fitness, and other matters as may be necessary to assure safety in civil aviation.

**SECTION 61. *Contents.*** Each airman certificate shall:

- a) Be numbered and recorded by the Authority;
- b) State the name and address of, and contain a description of the individual to whom the airman certificate is issued; and
- c) Be titled with the designation of the airman and its authorized privileges

#### **B. Airworthiness Certificate**

**SECTION 62. *Authority to Issue Airworthiness Certificates.*** The owner of any aircraft registered in accordance with this Act may file with the Director an application for an airworthiness certificate for such aircraft.

**SECTION 63. *Issuance.*** If it is found that the aircraft conforms to the appropriate type certificate and, after inspection, finds that the aircraft is in a condition allowing for safe operation, an airworthiness certificate shall be issued by the Director.

**SECTION 64. *Terms and Conditions.*** The Director shall prescribe in airworthiness certificate the duration of such certificate, the types of service for which the aircraft may be used, and such other terms, conditions, limitations and information as are required in the interest of safety. Each airworthiness certificate issued by the Director shall be recorded by it.

**SECTION 65. *Airworthiness Approvals.*** The Director may prescribe the terms under which additional airworthiness approvals, for purposes of modification, may be made.

### **C. Air Operator Certificate**

**SECTION 66. *Authority to Certificate Carriers and Establish Safety Standards.*** The Director is authorized to issue air operator certificates and to establish minimum safety standards for the operation of the air carrier to which any such certificate is issued.

**SECTION 67. *Application and Issuance.*** Any air carrier who is a citizen of the Philippines may file with the Director an application for an air operator certificate. If the Director finds, after thorough investigation, that such air carrier is properly and adequately equipped and has demonstrated the ability to conduct a safe operation in accordance with the requirements of this Act and the rules, regulations and standards issued pursuant thereto, the Director shall issue an air operator certificate to such air carrier. Provided, however, that in no event shall the Director issue an air operator certificate to an air carrier that does not possess a valid Certificate of Public Convenience and Necessity (CPCN) issued pursuant to this Act and its implementing rules.

## **D. Aviation Schools and Approved Maintenance Organizations**

**SECTION 68. *Examination and Rating.*** The Director is authorized to provide for the examination and rating of:

- a) Civilian schools providing instruction in flying or in the repair, alteration, maintenance, and overhaul of aircraft, aircraft engines, propellers, and appliances, as to the adequacy of the course of instruction, the suitability and airworthiness of the equipment and the competency of the instructors; and
- b) Approved maintenance organizations or shops for the repair, alteration, maintenance and overhaul of aircraft engines, propellers and appliances, as to the adequacy and suitability of the equipment, facilities, and materials for, and methods of, repair and overhaul, and the competency of those engaged in the work or giving any instruction therein.

## **SECTION 69. *Air Navigation Facility Safety Standards.***

- a) **Minimum Safety Standards.** The Director shall have the power to prescribe and revise from time to time as necessary minimum safety standards for the operation of air navigation facilities located in the Philippines.
- b) **Certification of Airports.**
  - (b.a) The Director is empowered to issue airport certificates to, and to establish minimum safety standards for the operation of, airports that serve any scheduled or unscheduled passenger operations of air operator or foreign air operator aircraft.
  - (b.b) Any person desiring to operate an airport that is described in this Section and that is required by the Director, by rule, to be certified may file with the Director an application for an airport operating certificate. If the Director finds, after investigation, that such person is properly and adequately equipped and able to conduct a safe operation in accordance with the requirements of this Act and the rules and regulations, and standards prescribed thereunder, the Director shall issue an airport operating certificate to such person. Each airport operating certificate shall prescribe such

terms, conditions, and limitations as are reasonably necessary to assure safety in commercial air transport. Unless the Director determines that it would be contrary to public interest, such terms, conditions, and limitations shall include but not limited to terms and conditions, relating to-

(b.b.1) The operation and maintenance of adequate safety equipment, including fire fighting and rescue equipment capable of rapid access to any portion of the airport used for landing, takeoff, or surface maneuvering of aircraft; and

(b.b.2) The condition and maintenance of primary and secondary runways as the Director determines to be necessary.

**SECTION 70. *Duties and Operations of Airmen.*** It shall be the duty of:

- a) Each air carrier to make or cause to be made, such inspection, maintenance, overhaul, and repair of all equipment used in air transport and to ensure that the operations conducted are in accordance with the provisions of this Act and the rules, regulations, directives and orders issued by virtue of this Act.
- b) Each air carrier holding an Air Operator Certificate to ensure that the maintenance of aircraft and operations thereof are conducted in the public interest and in accordance with the requirements of this Act and the rules, regulations, directives and orders issued by virtue of this Act.
- c) Each holder of an airman certificate to observe and comply with the authority and limitations of that certificate, the requirements of this Act and the rules, regulations, directives and orders issued by virtue of this Act.
- d) Every person performing duties in air transportation to observe and comply with the requirements of this Act and the rules, regulations, directives and orders issued by virtue of this Act.
- e) Every person who offers or accepts shipments, cargo or baggage in air commerce, to offer or accept such shipments, cargo or baggage in accordance with the provisions of Annex 18 of the Chicago Convention and the ICAO Technical Instructions for the Sale Transport of Dangerous Goods by Air.

**SECTION 71. *Authority to Inspect.***

- a) *Authority to Inspect Equipment.* The Director shall have the power and duty to---
- (a.a) Make such inspections of aircraft, aircraft engines, propellers, and appliances used by an operator of civil aircraft as may be necessary to determine that the operators are maintaining the I safe condition for the operation in which they are used; and
  - (a.b) Advise each operator in the inspection and maintenance of these items.
- b) *Unsafe Aircraft, Engines, Propellers and Appliances.* When the Director finds that any aircraft, aircraft engine, propeller, or appliance, used or intended to be used by any operator in civil aviation, is not in a condition for safe operation, the Director shall notify the operator. Such aircraft, aircraft engine, propeller, or appliance then shall not be used in civil aviation or in such manner also to endanger civil aviation, unless found by the Director to be in a condition for safe operation.

**SECTION 72. *Amendment, Modification, Suspension, and Revocation of Certificates.***

- a) *RE-INSPECTION AND RE-EXAMINATION.* The Director may, from time to time, for any reason, re-inspect or reexamine any civil aircraft, aircraft engine, propeller, appliance, air operator, school, with approved maintenance organization, or any civil airman holding a certificate issued under this Act.
- b) *ACTIONS OF THE DIRECTOR.* If, as a result of any such re-inspection or re-examination, or if, as a result of any other investigation made by the Director, the Director determines that safety in civil aviation or commercial air transport and the public interest requires, the Director may issue an order amending, modifying, suspending, or revoking, in whole or in part, any airworthiness certificate, airman certificate, air operator certificate, or certificate for any airport, school, or approved maintenance organization issued under this Act.

- c) **NOTICE TO CERTIFICATE HOLDERS AND OPPORTUNITY TO ANSWER.** Prior to amending, modifying, suspending, or revoking any of the foregoing certificates, the Director shall advise the holder thereof as to any charges or reasons relied upon by the Director for the proposed action and, except in cases of emergency, shall provide the holder of such certificate an opportunity to answer any charges and be heard as to why such certificate should not be amended, modified, suspended, or revoked.
  
- d) **APPEALS.** Any person whose certificate is affected by such an order of the Director under this Section may file his Motion for Reconsideration within five (5) days from receipt thereof and in case of denial shall, within ten (10) days, file his appeal to the Board.
  
- e) **EFFECTIVENESS OF ORDERS PENDING APPEAL.** The filing of Motion for Reconsideration or Appeal as provided for under this Act shall not stay the effectiveness of the Director's order except through an injunction duly issued by a court of competent jurisdiction.

**SECTION 73. Prohibitions.**

- a) It shall be unlawful for any person to—
  - (a.a) Operate in civil aviation any civil aircraft which there is not currently in effect certificate of airworthiness and registration, or in violation of the terms of any such certificates and operation of the aircraft in a careless and reckless manner and operational aircraft in contravention with its approved operating limitations and manual.
  
  - (a.b) Serve in any capacity as an airman in connection with any civil aircraft, aircraft engine, propeller, or appliance used or intended for use in civil aviation without an airman certificate authorizing that person to serve in such capacity, or in violation of any term, condition, or limitation of this certificate, or in violation of any order, rule, or regulation issued under this Act;

- (a.c) Employ for service in connection with any civil aircraft used in civil aviation an airman who does not have an airman certificate authorizing that person to serve in the capacity for which the person is employed;
  - (a.d) Operate as an air operator without an air operator certificate, or in violation of the terms of any such certificate;
  - (a.e) Operate aircraft in civil aviation in violation of any rule, regulation, a certificate issued by the Director under this Act; and
  - (a.f) While holding a certificate issued to a school or approved maintenance organization as provided in this Act, to violate any term, condition, or limitation thereof, to violate any order, rule, or regulation made under this Act relating to the holder of such certificate.
- b) Considering that the aircraft operation is impressed with public interest, the Director may prescribe exemptions of the foregoing provisions for foreign aircraft and airmen.

**SECTION. 74 *Statutory Lien.*** The Director, after complying with the required legal formalities provided by law, shall have the power to impose lien on aircraft and machinery:

- a) If the charges and other fees are not paid in full on due date or any part of the charges or the late payment penalty thereto remains unpaid; and
- b) Failure to pay administrative fines arising from violation of any rules and regulations promulgated by the Authority.

**SECTION 75. *Lien on Personal and Real Properties.*** The Director shall have the power to impose lien on personal and real properties, and other assets of persons, corporations, partnerships, and such other entities that shall be in default, or fail to perform their obligations, or fail to pay the fines and other penalties imposed for violations of the law, rules and regulations of the Authority.

Properties and assets levied upon may be sold and the proceeds thereof shall be applied to the satisfaction of the obligation after due notice and hearing.



**SECTION 76. *Police Authority.*** The Director shall have the power to exercise such police authority as may be necessary within the premises of airports under its jurisdiction to carry out its functions and attain its purposes and objectives. The grant of such powers shall be in conformity with the functions exclusively provided by law to be exercised by the Philippine National Police and other concerned government agencies, provided that the Authority may request the assistance of other law enforcement agencies, including request for deputization as may be required. Such police authority shall be exercised in connection with the following:

- 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 within an airport;
- c) Maintenance of peace and order within the premises of an airport in coordination with local police authorities and other authorized peace-keeping entities within an airport;
- d) Regulation and supervision of private security agencies operating within an airport; and
- e) Enforcement of rules and regulations promulgated by the Board pursuant to the authority granted under this Act.

**SECTION 77. *Regulation of Building Heights.*** The Board shall have the power to regulate the height of buildings, towers, antennae, and other edifices, situated within the vicinity of or in close proximity to airports estimated to endanger the flight of aircrafts. It shall also have the power to prohibit or regulate the establishment and operations of electrical, electronics, sound, magnetic, laser, or other electronic gadgets, equipment or installations which will tend to interfere with or impair air navigation in accordance with the international standards and recommended practices on airports, as recommended by the International Civil Aviation Organization.

**SECTION 78. *Authority Respecting the Transportation of Dangerous Goods by Air***

The Director shall monitor and enforce compliance of the rules and regulation concerning the carriage of goods by air in relation to Annex 18 of the Chicago Convention and the ICAO Technical Instructions for the Safe Transport of Dangerous Goods by Air.

**SECTION 79. *Development of New Airports.*** The Board shall be responsible for planning, development, construction, operation, maintenance, or expansion of airports shall be the responsibility of the Board. In planning and developing new airports, the Board shall consider:

- a) The suitability of a proposed site in terms of terrain and proximity to population center(s).
- b) The projected size of the market to be served by a proposed airport.
- c) The ability of a proposed airport to generate sufficient revenue to cover costs of operation and maintenance.
- d) The availability of funding from both local and foreign sources for the construction of a new airport or expansion of an existing one.
- e) The proximity of other airports to a proposed new airport and the capability of such other airport to handle traffic projected to be handled by the new proposed airport.
- f) The Government's public service obligations, more particularly the Government's duty to ensure the availability of air transport infrastructure for remote areas far from major population centers and that are not otherwise easily accessible by transportation via land or sea. In such cases, the Board shall take reasonable steps to ensure that funding will be available for the operation and maintenance of such airports.
- g) ICAO best practices and recommendations concerning the development of airports.
- h) Such other considerations as the Board, in the exercise of its reasonable discretion, may consider relevant or important.

**SECTION 80. *Power of the Authority to Investigate Violations.*** Correlative to the provisions of Section 36 of this Act, the Director at his own volition, or at the instance of a private person, or upon initiative of the Board, may conduct investigation based on the procedure that the Board may prescribe and using the Rules of Court as its suppletory guidelines.

**SECTION 81. *Power to Direct an Immediate Halt to an Offending Practice.*** The Director, after due investigation conducted, may issue a cease and desist order directing an air carrier(s) to immediately cease any practice found to be in violation of the provisions of this Act. Such order shall be without prejudice to the civil or criminal prosecution of persons or individuals found to be involved in practices prohibited under Chapter XI of this Act.

**SECTION 82. *Penalties.***

a) The Director, after due notice and hearing, is authorized to impose the following fines and penalties for each violation of this Act:

(a.a) Any person who operates any aircraft without the current airworthiness certificate, in violation of any rule, regulation or order issued by the Director relating to aeronautical safety standards or practices or procedures shall be punished by a fine ranging from Twenty Thousand Pesos (P20,000) to Fifty Thousand Pesos (P50,000) for the 1<sup>st</sup> offense, suspension of the license for three (3) months for the 2<sup>nd</sup> offense and revocation or cancellation of such license for the 3<sup>rd</sup> offense.

(a.b) Any person serving in any capacity as an airman in connection with any civil aircraft in violation of the terms, conditions or limitations of any such airman license or certificate, or in excess of the rating of such certificate shall be punished by a fine ranging from Twenty Thousand Pesos (P20,000) to Fifty Thousand Pesos (P50,000) for the 1<sup>st</sup> offense, suspension of the license for three (3) months for the 2<sup>nd</sup> offense and revocation or cancellation of such license for the 3<sup>rd</sup> offense. The repetition of this offense shall be sufficient cause for the revocation of the airman's certificate.

(a.c) Any person who employs in connection with any aircraft used in air commerce an airman who does not have an airman's certificate authorizing him to serve in the capacity for which he is employed, shall be punished by a fine ranging from Fifty Thousand Pesos (P50,000) to One Hundred Thousand Pesos (P100,000), as determined by the Director in the exercise of his reasonable discretion. A repetition of the offense shall be sufficient cause for revocation of such person's certificate authorizing it to engage in air carrier operations.

(a.d) Any person who was issued by the Director relating to air carrier operation, aviation school, aircraft maintenance, and other civil aviation regulated activity which are being certificated and regulated by the Director who have been found to have violate any term, condition or limitation thereof, or violates any order, rule or regulation issued by virtue of this Act relating to the holder of such certificate shall be punished by a fine ranging from Three Hundred Thousand Pesos (P300,000) to Five Hundred Thousand Pesos (P500,000), as determined by the Director in the exercise of his reasonable discretion. The repetition of this offense shall be sufficient cause for the revocation of such person's certificate.

(a.e) No person shall interfere, obstruct, hinder, or delay the Director or any person duly delegated by the Director in the performance of his duties in the public interest. A fine ranging from Twenty Thousand Pesos (P20,000) not exceeding One Hundred Thousand Pesos (P100,000), as determined by the Director in the exercise of his reasonable discretion, shall be imposed upon anyone who:

(a.e.1) With intent to interfere in the performance of the duties of the Director or any person duly delegated by the Director, shall knowingly or willfully alter, falsify, mutilate any report, accounts, records, books, papers, contracts, agreement and all other documents; or

(a.e.2) Shall knowingly and willfully fail or refuse: (a) to make and/or submit aircraft maintenance or flight logbooks, contracts, manuals, technical reports and all other documents required to be submitted by him for consideration before the Director or his duly authorized representative; or (b) to keep or

preserve records, reports, papers and all other documents required by the Director or his duly authorized representative;  
or

(a.e.3) Is guilty of misconduct in the presence of the Director or his duly authorized representative, or to any member of the Board in the performance of their quasi-judicial and quasi-legislative functions or so near as to obstruct or interrupt the hearing or session or any proceedings before the Director or any of his duly authorized representative; or shall orally or in writing disrespectfully offend or insult any of the above-named bodies or persons on the occasion of or in the performance of their official duties or during any hearing, session, or investigation held by the Director or his duly authorized representative; or

(a.e.4) Refuses to be sworn in as a witness or to answer as such when lawfully required to do so, provided, that the Director or his duly authorized representative shall, if necessary, be entitled to the assistance of law enforcement officials for the execution of any order to compel a witness to be present or to testify; or

(a.e.5) Neglects or refuses to attend and/or testify and/or to answer any lawful inquiry or to produce books, papers, or documents, if in his power to do so, in obedience to the subpoena or lawful requirement of the Director or his duly authorized representative; or

(a.e.6) Testifies falsely or makes false affidavits or both before the Director or his duly authorized representative,

b.) The following penalties may only be imposed by court of competent jurisdiction after the filing of a proper criminal complaint therein by the Director and a finding of guilt:

(b.a) Any person who operates any aircraft without a valid or current license or ratings or in violation of rule, regulation or order issued by the Director relating to aeronautical safety standards or practices or procedures shall be punished by imprisonment for not more than

three (3) years or a fine not exceeding Two Hundred Thousand Pesos (P200,000), or both, in the discretion of the court.

- (b.b) Any person who knowingly and willfully forges, counterfeits, alters or falsifies any certificate or aviation certificate authorized to be issued pursuant to the provisions of this Act, or knowingly uses or attempts to use any such fraudulent certificate or aviation certificate, and any person who knowingly and willfully displays or causes to be displayed on any aircraft any marks that are false or misleading as to the nationality or registration of the aircraft shall be punished by imprisonment of not more than six (6) years or a fine in an amount of not less than Five Hundred Thousand Pesos (P500,000) but not exceeding Five Hundred Thousand Pesos (P500,000,000), or both, as determined by the Court in the exercise of its reasonable discretion.
- (b.c) Any person who shall use for flight operation an unregistered aircraft or engaged in the operation of aviation school, aircraft maintenance facilities, aircraft material distributorship, air carrier operations or any other civil aviation regulated activities without the required air agency certificate issued by the Director shall be punished by imprisonment of from three (3) to seven (7) years or a fine in an amount of not less than One Hundred Thousand Pesos (P100,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion.
- (b.d) Any person found guilty of violating the conditions attendant to the issuance of the Airworthiness Certificate of the aircraft shall be subjected to imprisonment of from three (3) to seven (7) years or a fine in an amount of not less than One Hundred Thousand Pesos (P100,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion.
- (b.e) Any person who destroys or seriously damages the facilities of an airport or aircraft not in service located thereon or disrupts the services of an airport shall be subjected to imprisonment of from one (1) to three (3) years or a fine in an amount of not less than Fifty

Thousand Pesos (P50,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion.

(b.f) No person shall interfere with air navigation. Imprisonment for not more than three (3) years or a fine not exceeding Fifty Thousand Pesos (P50,000) to Five Hundred Thousand Pesos (P500,000) or both, as determined by the Court in the exercise of its reasonable discretion, shall be imposed upon any person who:

(b.f.1) With intent to interfere with air navigation within the Philippines, exhibits within the Philippines any light or signal at such place or in such manner that it is likely to be mistaken for a true light or signal established pursuant to this Act or for a true light or signal in connection with an airport or other air navigation facility; or

(b.f.2) After due warning by the Director or his duly authorized representative, continues to maintain any misleading light or signal; or

(b.f.3) Knowingly removes, extinguishes, or interferes with the operation of any true light or signal.

(b.g) Any person who destroys or damages air navigation facilities or interferes with their operation shall be subjected to imprisonment of from one (1) to three (3) years or a fine in an amount of not less than Fifty Thousand Pesos (P50,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion. If such act endangers the safety of air navigation, the court may impose an increased penalty of imprisonment of from three (3) years and one (1) day to six (6) years or a fine ranging from Five Hundred Thousand Pesos (P500,000) to One Million Pesos (P1,000,000) (Convention for Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal, 23 September 1971, art. 1(d))

(b.h) Any person who, whether on board or on the ground, communicate false information to an aircraft and thereby endangering the safety of an aircraft in flight shall be subjected to imprisonment of from one

(1) to three (3) years or a fine in an amount of not less than Fifty Thousand Pesos (P50,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion. (Convention for Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal, 23 September 1971, art. 1(e))

(b.i) Any person who, while on board an aircraft, interferes with a crewmember's or flight attendant's performance of their duties, assaults, intimidates, or threatens any crewmember or flight attendant, shall be subjected to imprisonment of from one (1) to three (3) years or a fine in an amount of not less than Fifty Thousand Pesos (P50,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion.

(b.j) Any person who, while on board or while attempting to board, any aircraft in or intended for operation in commercial air transport, has on or about their person or their property a concealed deadly or dangerous weapon, which is, or would be accessible to such person in flight, or any person who has on or about their person, or who has placed, attempted to place, or attempted to have placed aboard such aircraft any bomb or similar explosive or incendiary device, shall be subjected to imprisonment of from three (3) to six (6) years or a fine in an amount of not less than One Hundred Thousand Pesos (P100,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion.

This subsection shall not apply to persons duly authorized by the Director to carry deadly or dangerous weapons in commercial air transport, nor shall it apply to persons ~ transporting weapons contained in baggage that is not accessible to passengers in flight if the presence of such weapons has been declared to the air carrier.

(b.k) Any person who, imparts or conveys or causes to be imparted or conveyed false information, knowing the information to be false, concerning an attempt or alleged attempt being made or to be made to do an act which would be a crime prohibited by clauses(8), (9), (10)



of this section, shall be subjected to imprisonment of from one (1) to three (3) years or a fine in an amount of not less than Fifty Thousand Pesos (P50,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion (Convention for Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal, 23 September 1971, art. 1(e))

(b.l) Any person who, while on board an aircraft, commits any other act not otherwise expressly covered under clauses (8), (9), (10) and (11) above which jeopardizes the safety of the aircraft or of persons or property therein or which jeopardizes good order and discipline on board such aircraft shall be subjected to imprisonment of from six (6) months to three (3) years or a fine in an amount of not less than Fifty Thousand Pesos (P50,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion. (Convention on Offenses and certain other Acts committed on board Aircraft signed at Tokyo, 14 September 1963, art. 1(b))

(b.m) Any person who knowingly and without authority removes, conceals, withholds any part of an aircraft involved in an aircraft accident, or any property on board such aircraft at the time of the aircraft accident shall be subjected to imprisonment of from three (3) to six (6) years or a fine in an amount of not less than One Hundred Thousand Pesos (P100,000) but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion.

(b.n) Any person who willfully delivers or causes to be delivered to an air carrier for air transport, or if that person recklessly causes the transportation in air transport, of any shipment, cargo, baggage or other property in violation of the provisions of Annex 18 of the Chicago Convention and the ICAO Technical Instruction for the Safe Transport of Dangerous Goods by Air or the corresponding rules and regulations issued by the Authority shall be subjected to imprisonment of from one (1) to three (3) years or a fine in an amount of not less than One Hundred Thousand Pesos (P100,000)

but not exceeding Five Hundred Thousand Pesos (P500,000), or both, as determined by the Court in the exercise of its reasonable discretion.

The provisions of this paragraph (b), clauses (b.i), (b.j), (b.k) and (b.l) above shall apply to any aircraft located within the Special Jurisdiction of the Philippines.

Exercise by the Director of the powers granted to him under paragraph (a) above shall not act as a bar to a subsequent criminal prosecution in court for the same or similar act pursuant to the provisions of paragraph (b).

**SECTION 83. *General Penalty.*** Any violation of the provisions of this Act, or any order, rule or regulation issued thereunder, or any term, condition or limitation of any certificate or license issued under this Act for which no penalty is expressly provided shall be punished by a fine ranging from Twenty Thousand Pesos (P20,000) to One Hundred Thousand Pesos (P100,000) for each violation.

**SECTION 84. *Penalty Considerations.*** In determining the amount of any such penalty, the Director shall take into account the nature, circumstances, extent and gravity of the violation and, with respect to the person found to have committed the violation, the degree of culpability, history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

**SECTION 85. *Inflation Adjustment to Civil Penalties.*** The Director shall adjust the monetary level of the penalties it is authorized to impose at least once every four (4) years, and shall promulgate such revised penalties in accordance with the Administrative Code of the Philippines and economic/monetary index provided by Monetary Board, including any revision or successor thereto. For the avoidance of doubt, adjusted penalties shall not come into effect until the requirements of the Administrative Code of the Philippines have been complied with.

**SECTION 86. *Abolition of the Air Transportation Office.*** The Air Transportation Office (ATO) created under Republic Act 776, a sectoral office of Department of Transportation and Communications (DOTC) is hereby abolished.

All powers, duties, and rights vested by law and exercised by the Air Transportation Office (ATO) is hereby transferred to the Authority.

All assets, real and personal properties, funds and revenues owned by or vested in the different offices of the ATO, are transferred to the Authority. All contracts, records and documents relating to the operations of the abolished agency and its offices and branches are likewise transferred to the Authority.

**SECTION 87. *Transfer of Personnel of Air Transportation Office.*** To ensure smooth transition into a corporate structure, the incumbent Assistant Secretary of the Air Transportation Office shall continue to hold office and assume the powers of the Director until his successor shall have been appointed and inducted into office in accordance with this Act. However, should the officials opted to file their resignation or early retirement, they shall be entitled to gratuity at the rate equivalent to two (2) months salary for every year of service rendered or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, in addition to the retirement benefits or pensions under existing law.

**SECTION 88. *Organization of the Authority.*** No officer/employee who availed the benefits of the foregoing provisions will not qualify for re-employment to the Authority within seven (7) years from date of retirement/resignation.

**SECTION 89. *Appropriations.*** The amount of One Billion Pesos (P1,000,000,000.00) is hereby appropriated for the purpose of funding the gratuity to be distributed under Section 86 hereof.

Any unused or excess appropriations shall be added to the initial operating budget of the Authority.

**SECTION 90. *Saving Clause.*** Unless otherwise provided in this Act, rights or privileges vested or acquired under the provisions of Republic Act No. 776, as amended, its rules and regulations prior to the effectivity of this Act shall remain in full force and effect.

**SECTION 91. *Legal Counsel.*** The Office of the Government Corporate Counsel shall act as the external legal counsel of the Authority before any court of law or any quasi-judicial bodies of the government without prejudice of any deputation or designation that it may issue in favor of the in-house counsel of the Authority.

**SECTION 92. *Implementing Rules and Regulations.*** The Authority shall adopt rules and regulations to implement the provisions of this Act within sixty (60) days from date of its approval.

**SECTION 93. *Separability Clause.*** If for any part or provision of this Act shall be declared unconstitutional, other parts or provisions hereof which are not affected thereby, shall continue in full force and effect.

**SECTION 94. *Repealing Clause.*** All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are repealed or modified accordingly.

**SECTION 95. *Effectivity.*** This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.

**Approved.**