


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

7 FEB 17 2007

SENATE

RECEIVED 

COMMITTEE REPORT NO. 25

Submitted jointly by the Committees on Public Services, Ways and Means and Finance on DEC 17 2007

RE : H. B. No. 3156, taking into consideration S. Nos. 385, 870, 1632 and 1932.

Recommending the approval of H. B. No. 3156 with amendments.

Sponsor : Senator Enrile

MR. PRESIDENT:

The Senate Committee on Public Services joint with the Committees on Ways and Means and Finance to which were referred H. B. No. 3156, introduced by Representatives Angara, Zamora, Puentevella, *et. al.*, entitled:

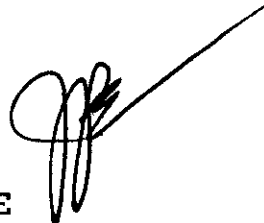
**"AN ACT
CREATING THE CIVIL AVIATION AUTHORITY OF THE
PHILIPPINES, AUTHORIZING THE APPROPRIATION OF FUNDS
THEREFOR, AND FOR OTHER PURPOSES."**

Senate Bill No. 385, introduced by Senator Ejercito Estrada, *entitled:*

**"AN ACT
LIBERALIZING THE CIVIL AVIATION INDUSTRY, AMENDING
FOR THIS PURPOSE REPUBLIC ACT NO. 776 OTHERWISE
KNOWN AS THE CIVIL AERONAUTICS ACT OF THE PHILIPPINES
AND FOR OTHER PURPOSES."**

Senate Bill No. 870, introduced by Senator Angara, *entitled:*

**"AN ACT
CREATING THE CIVIL AVIATION AUTHORITY OF THE
PHILIPPINES FOR THE REGULATION OF ALL CIVIL AVIATION
ACTIVITIES AND INSTITUTION OF SAFETY REQUIREMENTS,
DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER
PURPOSES."**



Senate Bill No. 1632, introduced by Senator Pangilinan, *entitled:*

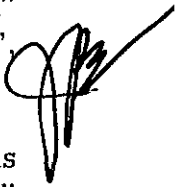
**"AN ACT
CREATING THE CIVIL AVIATION AUTHORITY OF THE
PHILIPPINES, AUTHORIZING THE APPROPRIATION OF FUNDS
THEREFOR, AND FOR OTHER PURPOSES." and**

Senate Bill No.1932, introduced by Senator Angara, *entitled:*

**“AN ACT
CREATING THE CIVIL AVIATION AUTHORITY OF THE
PHILIPPINES, AUTHORIZING THE APPROPRIATION OF FUNDS
THEREFOR, AND FOR OTHER PURPOSES.”**

have considered the same and have the honor to report them back to the Senate with the recommendation that the **H. B. No. 3156** be approved with amendments, taking into consideration S. Nos. 385, 870, 1632 and 1932, to wit:


1. On page 12 after line 10, insert a new paragraph that shall read as follows
“NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS ACT SHALL DIMINISH THE POWERS AND FUNCTIONS OF THE CIVIL AERONAUTICS BOARD (CAB) AS PROVIDED FOR UNDER REPUBLIC ACT NO. 776, ALSO KNOWN AS “THE CIVIL AERONAUTICS ACT OF THE PHILIPPINES”, AS AMENDED”;
2. On page 14, Section 9, line 15, after the word “as” delete the article “a” and replace it with the article “THE”;
3. Still on the same line of the same page, replace the small letters “d” and “g” of the words “director general” with the capital letters “D” and “G”, respectively;
4. Still on the same page, Section 10, on line 20, after the word “by”, replace the article “a” with the article “THE”;
5. Still on the same line and Section, replace the small letters “b” and “d” of the words “board of directors” with the capital letters “B” and “D”, respectively;
6. On page 15, Section 11, line 11, after the article “the”, replace the small letter “c” of the word “Chairman” with a capital letter;
7. Still on the same page, Section and line, after the conjunction “or”, delete the word “any” and in lieu thereof, insert the phrase “UPON THE INITIATIVE OF”;
8. On page 16, Section 15, line 2, replace small letter “b” of the word “billion” and the small letter “p” of the word “pesos” with capital letters “B” and “P”, respectively;
9. Still on page 16, Section 16, delete the slash found between the words “collection” and “levy” on line 17 and the slash between the words “collect” and “levy” on line 19 and in lieu thereof insert the words “AND OR”;
10. On page 17, Section 21, line 22 after the word “Philippines”, delete the “comma” and the words “copy furnished” and the article “the” after the word “to” and in lieu thereof insert the conjunction “AND”;
11. On page 20, Section 25, line 22, insert a new subsection letter (a) in the enumeration of “Powers of the Board” that shall read as follows: “EXERCISE GENERAL SUPERVISION AND CONTROL OVER ALL OFFICES AND EMPLOYEES OF THE AUTHORITY”. The succeeding sub-sections shall be re-lettered accordingly;

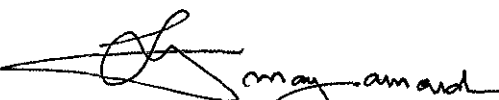



12. On page 24, Section 27, line 21, after the word "Board" and the comma, delete the word "in" and replace it with the word "AFTER";
13. Still on the same page and Section, line 22, delete the comma after the word "Director" insert the phrase "AND AFTER PUBLIC HEARING,";
14. On page 25, starting from lines 9 to 12, delete the entire Section 29 and the succeeding sections be re-numbered accordingly;
15. On page 60, Section 88, lines 25 and 26, replace the small letters "a" and "s" of the words "assistant secretary" with capital letters;
16. On page 63, line 9, after the word "accordingly", delete the "period" and replace "comma" and add the following phrase which shall read as follows: "INCLUDING PROVISIONS OF ANY LAW, DECREES, EXECUTIVE ORDERS, RULES AND REGULATIONS OR PART THEREOF WHICH PROVIDES EXEMPTIONS TO ANY AIR CARRIER, ORGANIZATION OR ENTITY FROM PAYMENT OF ANY AIR TRANSPORTATION OFFICE'S IMPOSED FEES AND CHARGES, RELATING TO BUT NOT LIMITED TO NAVIGATION, COMMUNICATION, CONCESSION, LICENSE AND PERMIT".


with Senators Ejercito Estrada, Angara, Pangilinan, Enrile and Escudero as sponsors thereof.


Respectfully submitted:


JUAN PONCE ENRILE
 Chairperson
 Committee on Public Services and Committee on finance
 Member, Committee on Ways and Means

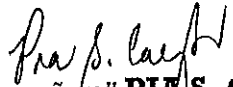

FRANCIS G. ESCUDERO
 Chairperson
 Committee on Ways and Means
 Member, Committee on Finance

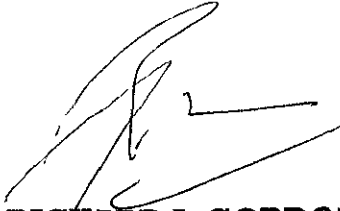

EDGARDO J. ANGARA
 Vice-Chairperson
 Committee on Finance
 Member, Committees on
 Public Services
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JOKER P. ARROYO
 Vice-Chairperson
 Committee on Public Services
 Committee on Finance
 Member, Committee on Ways and Means

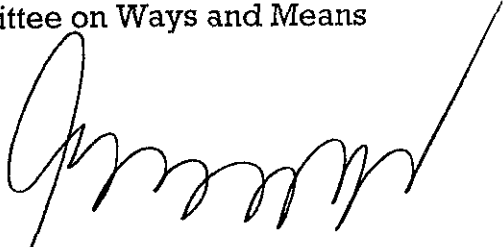

MIRIAM DEFENSOR SANTIAGO
Vice-Chairperson
Committee on Finance


MEMBERS:


"Compañera" **PIA S. CAYETANO**
Committee on Finance


RICHARD J. GORDON
Committee on Public Services
Committee on Finance
Committee on Ways and Means

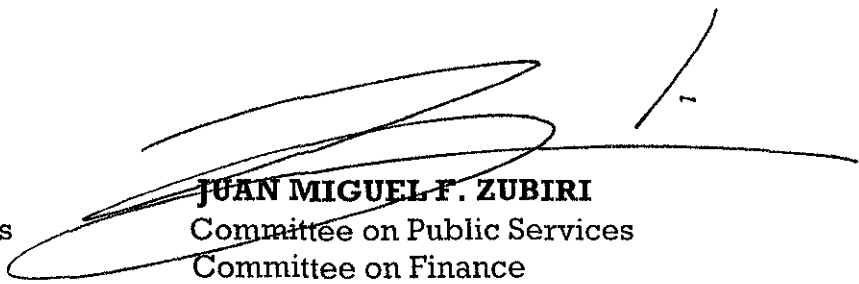
ALAN PETER "Compañero" S. CAYETANO
Committee on Ways and Means

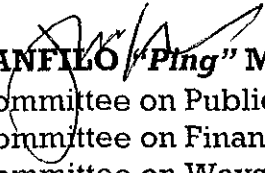

GREGORIO "Gringo" B. HONASAN
Committee Ways and Means
Committee on Public Services
Committee on Finance


RAMON "Tong" REVILLA, JR.
Committee on Finance
Committee on Ways and Means

MANUEL "Lito" M. LAPID
Committee on Public Services
Committee on Finance
Committee on Ways and Means

ROFOLFO G. BIAZON
Committee on Public Services
Committee on Finance
Committee on Ways and Means

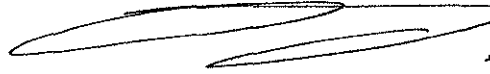

JUAN MIGUEL F. ZUBIRI
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Committee on Finance
Committee on Ways and Means


PANFILO "Ping" M. LACSON
Committee on Public Services
Committee on Finance
Committee on Ways and Means

M. A. MADRIGAL
Committee on Public Services
Committee on Finance
Committee on Ways and Means

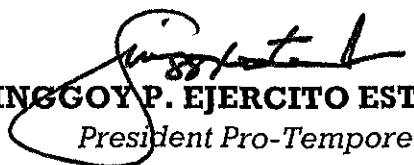
MAR A. ROXAS
Committee on Finance
Committee on Ways and Means


ANTONIO "SONNY" F. TRILLANES
Committee on Public Services
Committee on Finance
Committee on Ways and Means

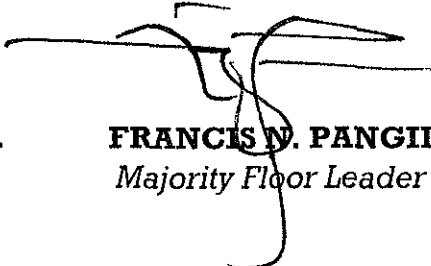

LOREN B. LEGARDA
Committee on Finance
Committee on Ways and Means

*of vacant in +
substant*

EX- OFFICIO MEMBERS:


JINGGO P. EJERCITO ESTRADA
President Pro-Tempore

May amend:

AQUILINO Q. PIMENTEL, JR.
Minority Floor Leader


FRANCIS N. PANGILINAN
Majority Floor Leader

MANNY VILLAR
Senate President
Pasay City



HOUSE OF REPRESENTATIVES

H. No. 3156

BY REPRESENTATIVES ANGARA, ZAMORA (M.), PUENTEVELLA, MADRONA, FABIAN, ALFEJOR, LAGMAN, TEODORO, GARIN, CERILLES, CHIONGBIAN, MAGSAYSAY, ALVAREZ (A.), SANDOVAL, DAYANGHIRANG, ABLAN, NOGRALES, DIMAPORO, CUENCO, APOSTOL, NICOLAS, SUSANO, MERCADO, MACAPAGAL-ARROYO, ABANTE, CELESTE, SOLIS, GULLAS, JALOSJOS, CODILLA, BIRON, DURANO, JAVIER, UY (R.S.), SEACHON-LANETE, ALCALA, DEFENSOR (M.), JAAFAR, DIAZ, DY, KHO, BICHARA, DAZA, LAZATIN, ARROYO (D.), ROMUALDO, SY-LIMKAICHONG, ONG, BARZAGA, BAUTISTA, AMATONG, EMANO, HOFER, DIASNES, SALIMBANGON, LABADLABAD, GARAY, GATCHALIAN, LIM, LAPUS, DEL ROSARIO, ARAGO, ESTRELLA (R.), SANTIAGO (N.), MANGUDADATU, YAP, CAJES, PLAZA, YU, TUPAS, SALVACION, PICHAY, COQUILLA, VILLANUEVA, CHIPECO, FERNANDEZ, NOEL, BELTRAN, RODRIGUEZ, ESCUDERO, BELMONTE, PABLO, ARROYO (I.), CAJAYON, SAN LUIS, VINZONS-CHATO, CLIMACO, SUAREZ, PUNO, JALA, GARCIA (V.), PANCRUDO, COSCOLLUELA, BONOAN-DAVID, GONZALES (A.), TIENG, CUA (J.), COJUANGCO, ALMARIO, DUAVIT, BIAZON, MANDANAS, BRAVO, REYES (C.), FUA, ANGPING, ANTONINO, CASTELO DAZA, REYES (V.), ZIALCITA, LACSON, DE GUZMAN, MENDOZA, RODRIGUEZ-ZALDARRIAGA, SY-ALVARADO, PINGOY, BAGATSING, VALENCIA, PRIETO-TEODORO, AGBAYANI, ROMAN, PANCHO, VALDEZ, CHUNGALAO, CASTRO, GARCIA (P.J.), CHATTO, OLAÑO, AQUINO, TEODORO, ORTEGA, DUEÑAS, ARENAS, ZUBIRI, DUMARPA, GONZALEZ, CARI, DOMOGAN, UMALI (C.), LAGBAS, MALAPITAN, CUA (G.), PONCE-ENRILE, FERRER, CHAVEZ, TAÑADA, ABAYA, ROXAS, ARBISON, BÁLINDONG, CLARETE, DUMPIT, ENVERGA, GATLABAYAN, GO,

MATUGAS, NAVA, ROBES, LOPEZ, MAZA, CRUZ-GONZALES, GUINGONA, HATAMAN, HONTIVEROS-BARAQUEL, BINAY, CAYETANO, DEFENSOR (A.), DEL MAR, GARCIA (P.), JOSON, MITRA, ROMUALDEZ, ROMULO, VELARDE AND VILLAROSA, PER COMMITTEE REPORT NO. 98

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:

CHAPTER I

GENERAL PROVISIONS

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

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to provide safe and efficient air transport and regulatory services in the Philippines by providing for the creation of a civil aviation authority with jurisdiction over the restructuring of the civil aviation system, the promotion, development and regulation of the technical, operational, safety and aviation security functions under the civil aviation authority.

SEC. 3. *Definition of Terms.* – For purposes of this Act, the terms:

(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 building, installation and equipment) intended to be used either wholly or in part for the arrival, departure and surface movement of aircraft.

1 (c) "Aeronautics or aviation" refers to the science and art of flight.

2 (d) "Aeronautical telecommunication" refers to and includes any
3 telegraph or telephone communication signs, signals, writings, images and
4 sounds of any nature, by wire, radio or other systems or processes of signaling,
5 used in the aeronautical service.

6 (e) "Aeronautical telecommunication station" refers to any station
7 operated to provide telecommunications for aeronautical purposes.

8 (f) "Air carrier or operator" refers to a person who undertakes,
9 whether directly or indirectly, or by a lease or any other arrangements, to
10 engage in air transportation services or air commerce. The term may likewise
11 refer to either a "Philippine air carrier" or a "foreign air carrier" as indicated
12 by the context.

13 (g) "Air commerce or commercial air transport operation" refers to
14 and includes scheduled or nonscheduled air transport services for pay or hire,
15 the navigation of aircraft in furtherance of a business, the navigation of aircraft
16 from one place to another for operation in the conduct of a business, or an
17 aircraft operation involving the transport of passengers, cargo or mail for
18 remuneration or hire.

19 (h) "Aircraft" refers to any machine that can derive support in the
20 atmosphere from the reactions of the air other than the reactions of the air
21 against the earth's surface. The term "aircraft", when used in this Act or in
22 regulations issued under this Act, shall refer to civil aircraft only, and will not
23 include state or public aircraft.

24 (i) "Aircraft accident" refers to an occurrence associated with the
25 operation of an aircraft which takes place between the time any person boards

1 the aircraft with the intention of flight until such time as all such persons have
2 disembarked, in which:

3 (1) Any person suffers death or serious injury as a result of being in
4 or upon the aircraft or by direct contact with the aircraft of anything attached
5 thereto; or

6 (2) The aircraft receives substantial damage.

7 (j) "Aircraft radio station" refers to a radio station on board any
8 aircraft.

9 (k) "Aircraft engine" refers to any engine used, or intended to be
10 used, for propulsion of aircraft and includes all parts, appurtenances and
11 accessories thereof other than propellers.

12 (l) "Aircraft incident" refers to the occurrence, other than an
13 accident, which is associated with the operation of an aircraft when the safety
14 of the aircraft has been endangered, or is a situation which could endanger an
15 aircraft and if it occurred again in other circumstances.

16 (m) "Aircraft piracy" refers to any actual or attempted seizure or
17 exercise of control, by force or violence, or by any other form of intimidation,
18 with wrongful intent, of an aircraft within the jurisdiction of the Philippines.

19 (n) "Airman" refers to any individual who engages, as the person in
20 command or as pilot, mechanic, aeronautical engineer, flight radio operator or
21 member of the crew, in the navigation of aircraft while under way, and any
22 individual who is directly in charge of inspection, maintenance, overhauling or
23 repair of aircraft, aircraft engine, propellers or appliances; and individual who
24 serves in the capacity of aircraft dispatcher or air traffic control operator.

25 (o) "Airman license" refers to a written authorization or permission
26 issued to any person for the exercise of the privileges of flying, maintaining,

1 controlling, directing, dispatching, instructing or any other civil aviation
2 activity which is regulated and supervised by the Authority.

3 (p) "Air navigation" refers to the practice of controlling, guiding and
4 operating aircraft from airport of departure to predetermined airport of
5 destination, including alternate airports. To ensure safety, regularity and
6 efficiency of civil aviation operations, standardization and common
7 understanding among all parties involved are essential in all matters affecting
8 the operation of aircraft and the numerous facilities and services required in
9 their support, such as airports, telecommunications, navigation aids,
10 meteorology, air traffic services, search and rescue, aeronautical information
11 services and aeronautical charts, in accordance with the procedures, rules and
12 regulations contained in the appropriate annexes to the Chicago Convention.

13 (q) "Air navigation facility" refers to any facility used in, available
14 for use in, or designed for use in aid of air navigation, including airports,
15 landing areas, lights, any apparatus or equipment for disseminating weather
16 information, for signaling, for radio directional finding, or for radio or other
17 electromagnetic communication, and any other structure or mechanism having
18 a similar purpose for guiding or controlling flight in the air or the landing and
19 takeoff of aircraft.

20 (r) "Air navigation services" refers to and includes information,
21 directions and other facilities furnished, issued or provided in connection with
22 the navigation or movement of aircraft, and the control of movement of
23 vehicles in any part of an airport used for the movement of aircraft.

24 (s) "Air operator" refers to any organization which undertakes to
25 engage in domestic commercial air transport or international commercial air
26 transport, whether directly or indirectly, or by a lease or any other
27 arrangement.

1 (t) “Air Operator Certificate (AOC)” refers to a certificate
2 authorizing an operator to carry out specified commercial air transport
3 operations.

4 (u) “Air route” refers to the navigable airspace between two (2)
5 points and the terrain beneath such airspace identified, to the extent necessary,
6 for the application of flight rules.

7 (v) “Air route and airway facilities” refers to facilities provided to
8 permit safe navigation of aircraft within the airspace of air routes and airways,
9 including:

- 10 (1) Visual and non-visual aids along the air routes and airways;
11 (2) Visual and non-visual aids to approach and landing at airports;
12 (3) Communication services;
13 (4) Meteorological observations;
14 (5) Air traffic control services and facilities; and
15 (6) Flight services and facilities.

16 (w) “Airport” refers to any area of land or water designed, equipped,
17 set apart or commonly used for affording facilities for the landing and
18 departure of aircraft and includes any area or space, whether on the ground, on
19 the roof of a building or elsewhere, which is designed, equipped or set apart for
20 affording facilities for the landing and departure of aircraft capable of
21 descending or climbing vertically.

22 (x) “Air transport” refers to the transportation of persons, property,
23 mail or cargo by aircraft.

1 (y) "Air transport service" refers to the act of transporting persons,
2 property, mail or cargo, in whole or in part, by aircraft to points within or
3 outside of the Philippines.

4 (z) "Airworthiness" means that an aircraft, its engines, propellers,
5 and other components and accessories, are of proper design and construction,
6 and are safe for air navigation purposes, such design and construction being
7 consistent with accepted engineering practice and in accordance with
8 aerodynamic laws and aircraft science.

9 (aa) "Annexes to the Chicago Convention" refers to the documents
10 issued by the International Civil Aviation Organization (ICAO) containing the
11 standards and recommended practices applicable to civil aviation.

12 (bb) "Appliances" refers to instruments, equipment, apparatus, parts,
13 appurtenances or accessories, of whatever description, which are used or are
14 capable of being or intended to be used, in the navigation, operation or control
15 of aircraft in flight (including parachutes and communication equipment and
16 any other mechanism or mechanisms installed in or attached to aircraft during
17 flight), and which are not part or parts of aircraft, aircraft engines or
18 propellers.

19 (cc) "Authority" refers to the Philippine Civil Aviation Authority
20 created pursuant to the provisions of this Act and shall, as indicated by the
21 context, include the Board of Directors and/or Director General created
22 pursuant thereto.

23 (dd) "Aviation certificate" means any airworthiness certificate,
24 airman certificate, air operator certificate, certificate authorizing the operation
25 of an aviation school or approved maintenance organization or other document

1 issued by virtue of the provisions of this Act in respect of any person, aircraft,
2 airport or aviation-related service.

3 (ee) "Board of directors" means the board of the civil aviation
4 authority created under this Act.

5 (ff) "Chicago Convention" refers to the international basis for civil
6 aviation agreements.

7 (gg) "Citizen of the Philippines" refers to one of the following:

8 (1) An individual who is a citizen of the Philippines;

9 (2) A partnership of which each member is a citizen of the
10 Philippines; or

11 (3) A corporation or association created or organized and authorized
12 under the laws of the Philippines.

13 (hh) "Civil aircraft" refers to any aircraft other than a state or public
14 aircraft.

15 (ii) "Civil aviation" refers to the operation of any civil aircraft for
16 the purpose of general aviation operations, aerial work or commercial air
17 transport operations.

18 (jj) "Crew member" refers to a person assigned to perform duties on
19 an aircraft in flight.

20 (kk) "Dangerous goods" refers to articles or substances that are
21 capable of posing significant risks to health or safety of property when
22 transported by air.

23 (ll) "Director" refers to the Director General appointed under this
24 Act.

1 (mm) "Domestic air commerce" means and includes air commerce
2 within the limits of the Philippine territory.

3 (nn) "Domestic air transport" means air transportation within the
4 limits of the Philippine territory.

5 (oo) "Foreign air carrier or foreign air operator" means any operator,
6 not being a Philippine air operator, which undertakes, whether directly or
7 indirectly, or by lease or any other arrangement, to engage in commercial air
8 transport operations within borders or airspace of the Philippines, whether on a
9 scheduled or chartered basis.

10 (pp) "Foreign air transport" refers to air transportation between the
11 Philippines and any place outside it or wholly outside the Philippines.

12 (qq) "General aviation operation" refers to an aircraft operation of a
13 civil aircraft other than a commercial air transport operation or aerial work
14 operation.

15 (rr) "ICAO" where used in this Act, refers to the abbreviation for the
16 International Civil Aviation Organization.

17 (ss) "International commercial air transport" refers to the carriage by
18 aircraft of persons or property for remuneration or hire or the carriage of mail
19 between any two (2) or more countries.

20 (tt) "Navigable airspace" refers to the airspace above the minimum
21 altitudes of flight prescribed by regulations under this Act and includes
22 airspace needed to insure safety in the takeoff and landing of aircraft.

23 (uu) "Navigation of aircraft" refers to a function that includes the
24 piloting of aircraft.

1 (vv) "Person" refers to any individual, firm, partnership,
2 corporation, company, association, joint-stock association, or body politic, and
3 includes any trustee, receiver, assignee or other *similar representative of these*
4 entities.

5 (ww) "Philippine air carrier" means an air carrier who is a citizen of
6 the Philippines.

7 (xx) "Philippine aircraft" means an aircraft registered in the
8 Philippines in accordance with the requirements of this Act.

9 (yy) "Propeller" refers to an inclusive term for all parts,
10 appurtenances and accessories of a propeller.

11 (zz) "Public aircraft" refers to an aircraft used exclusively in the
12 service of any government, or of any political jurisdiction thereof, including
13 the government of the Philippines, but not including any government-owned
14 aircraft engaged in operations which meet the definition of commercial air
15 transport operations.

16 (aaa) "Rules of the air" means those provisions for securing the
17 safety of aircraft in flight and in movement on the surface and the safety of
18 persons and property on the surface. These provisions include:

- 19 (1) Lights and signals to be shown by aircraft;
20 (2) General, visual and instrument flight rules;
21 (3) Airport traffic rules; and
22 (4) Airport signals and markings.

23 (bbb) "Spare parts" refers to any parts, appurtenances and
24 accessories of aircraft (other than aircraft engines and propellers), aircraft

1 engines (other than propellers), propellers and appliances, maintained for
2 installation or use in an aircraft, aircraft engine, propeller or appliance, but
3 which at the time are not installed therein or attached thereto.

4 (ccc) "Special aircraft jurisdiction of the Philippines". This
5 includes:

6 (1) Civil aircraft of the Philippines; and

7 (2) Any other aircraft within the jurisdiction of the Philippines, while
8 the aircraft is in flight, which is from the moment when all external doors are
9 closed following embarkation until the moment when one such door is opened
10 for disembarkation or, in case of a forced landing, until the competent
11 authorities take over the responsibility of the aircraft and the persons and
12 property aboard.

13 (ddd) "Validation" refers to the written acceptance of an action of
14 the civil aviation authority of another country in lieu of an action that this Act
15 assigns to the Director General.

16 (eee) "Landing fees" refers to all charges for the use of any landing
17 strip or runway by any aircraft landing or taking off at an aerodrome.

18 (fff) "Terminal fees" refers to charges for parking at or near the
19 ramp, terminal area or building, for purposes of loading or unloading
20 passengers and/or cargo.

21 (ggg) "Royalties" refers to all charges based on gross business or
22 sales, or gross or net profit.

23 (hhh) "Supplies" includes any and all items of whatever nature or
24 description which may be necessary for, or incidental to, the operation of an
25 aircraft.

CHAPTER II

ORGANIZATION OF AUTHORITY

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SEC. 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 (ATO) created under the provisions of Republic Act No. 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 General – 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.

SEC. 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 DOTC shall act as chairman *ex officio*;

1 (b) The Director General of Civil Aviation (DGCA) shall
2 automatically be the vice chairman of the Board;

3 (c) The Secretary of Finance;

4 (d) The Secretary of Foreign Affairs;

5 (e) The Secretary of Justice;

6 (f) The Secretary of the Interior and Local Government;

7 (g) A representative from private sector, with at least five (5) years
8 significant experience in the national civil aviation industry, who must be a
9 Filipino citizen, of good moral character, unquestionable integrity and who
10 shall be appointed by the President of the Philippines to hold office for a
11 period of three (3) years.

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

17 SEC. 6. *Prohibited Interests.* – All members of the Board or any of
18 their relatives within the fourth civil degree of consanguinity or affinity,
19 legitimate or common law, shall be prohibited from holding any interest
20 whatsoever, either as investor, stockholder, officer or director, in any company
21 or entity engaged in air commerce, whether scheduled or unscheduled,
22 passenger or cargo, domestic or international, or in any business providing
23 support services to persons engaged in air commerce (i.e. general sales
24 agencies, travel agencies, cargo forwarders, ground handling, catering, fuel
25 servicing, aircraft maintenance, etc.) and must therefore divest, through sale or
26 legal disposition, of any and all interests in such undertakings upon the

1 member's assumption of office. Any violation of this section shall subject the
2 member concerned to removal from the Authority for cause as well as
3 administrative, civil or criminal prosecution under applicable laws.

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

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

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

19 SEC. 10. *Board of Directors.* – The powers and functions of the
20 Authority shall be vested in and exercised by a board of directors, which are as
21 follows:

22 (a) Provide comprehensive policy guidance for the promotion and
23 development of the aviation industry as provided in this Act;

24 (b) Formulate the objectives, strategies and policies to be followed
25 by the Authority;

1 (c) Ensure that the Authority performs its functions in a proper,
2 efficient and effective manner;

3 (d) Determine the organizational structure of the Authority,
4 establish a human resources management system based on merit and fitness,
5 and adopt a rational compensation and benefits scheme;

6 (e) Approve the annual and supplementary budget; and

7 (f) Submit an annual report to the President of the Philippines and
8 the Congress.

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

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

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

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

1 SEC. 15. *Capitalization.* – The Authority shall have an authorized
2 capital stock of Fifty billion pesos (Php50,000,000,000.00) which shall be
3 fully subscribed by the Republic of the Philippines. The subscription of the
4 national government shall be paid as follows:

5 (a) The unexpended balances of appropriations in the current
6 General Appropriations Act and other acts in force upon approval hereof,
7 pertaining to, held or used by, the ATO;

8 (b) The value of existing assets of the ATO, which shall be
9 determined by an independent and qualified appraiser or appraisers within six
10 (6) months from the effectivity of this Act, and after deducting the loans and
11 other liabilities of the ATO at the time of the takeover of the assets and
12 properties; and

13 (c) Such amounts as may be appropriated from time to time from the
14 funds of the National Treasury, including any outlay from the infrastructure
15 program of the national government.

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

21 SEC. 17. *Exemption from Taxes, Customs and Tariff Duties.* – (a)
22 The importation of equipment, machineries, spare parts, accessories and other
23 materials including supplies and services used in the operations of the
24 Authority not obtainable locally shall be exempt from all direct and indirect

1 taxes, wharfage fees and other charges and restrictions, the existence of
2 pertinent laws to the contrary notwithstanding.

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

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

14 SEC. 19. *Compensation and Other Emoluments of Authority*
15 *Personnel.* -- Within six (6) months from the effectivity of this Act, the Board
16 shall determine the new schedule of salaries of the employees of the Authority
17 subject to compliance with the existing compensation laws.

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

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

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CHAPTER III
GENERAL POLICIES

SEC. 22. *Policies.* – In the exercise and performance of its powers 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 support sound economic condition in such transportation and to improve the relations between air carriers;

(d) Ensuring the safety, quality, reliability and affordability of air transport services for the riding public; and

(e) The encouragement and development of a viable and globally competitive Philippine aviation industry.

CHAPTER IV
POWERS OF THE AUTHORITY

SEC. 23. *Powers and Functions.* – The Authority shall have such powers as are granted to the Board and the Director under the provisions of this Act.

1 SEC. 24. *Corporate Powers.* – The Authority, acting through the
2 Board, shall have the following corporate powers:

3 (a) To succeed in its corporate name, to sue and be sued in such
4 corporate name, and to adopt, use and alter its corporate seal, which shall be
5 judicially noticed;

6 (b) To adopt, amend or repeal its bylaws;

7 (c) To enter into, make, perform and carry out contracts of every
8 class, kind and description, which are necessary or incidental to the realization
9 of its purposes, with any person, domestic or foreign private firm, or
10 corporation, local or national government office, agency and with international
11 institutions or foreign government;

12 (d) To raise money, contract loans, indebtedness, credit and issue
13 commercial papers and bonds, in any local or convertible foreign currency
14 from any other international financial institutions under terms and conditions
15 prescribed by law, rules and regulations;

16 (e) To execute any deed of guarantee, mortgage, pledge, trust or
17 assignment of any property for the purpose of financing the programs and
18 projects deemed vital for the attainment of its goals and objectives;

19 (f) To construct, acquire, own, hold, operate, maintain, administer
20 and lease personal and real properties, including buildings, machinery,
21 equipment, other infrastructure, agricultural lands, and its improvements,
22 property rights, and interests therein, and to encumber, mortgage, dispose, sell,
23 or alienate or otherwise dispose the same at the fair market value it may deem
24 appropriate; to lease its plant, machinery, equipment or goods not immediately
25 required by it: *Provided, That no real property thus acquired and any other*

1 real property shall be sold without the approval of the President of the
2 Philippines;

3 (g) To receive gifts, donations, grants, bequests, services,
4 properties, whether personal or real, and assistance of all kinds, from private
5 and public sources, firms, institutions, domestic and foreign governments, and
6 international institutions, and utilize the same for the purposes set forth in this
7 Act;

8 (h) To invest its funds and other assets in such areas, ventures and
9 projects as it may deem wise;

10 (i) To settle, under such terms and conditions most advantageous to
11 it, any claim by or against it;

12 (j) To determine and keep its own system of accounts following
13 generally accepted principles of accounting, as well as the forms and contents
14 of its contracts and other business documents; and

15 (k) To perform such other acts, as are necessary or convenient in
16 connection with the performance of its functions, to carry out the purposes of
17 this Act.

18 CHAPTER V

19 POWERS AND FUNCTIONS OF THE BOARD

20 SEC. 25. *Powers of the Board.* -- The Board shall have the following
21 general powers:

22 (a) Provide comprehensive policy guidance for the promotion and
23 development of the Philippine aviation industry, as provided for in this Act;

24 (b) Ensure that the Authority performs its functions in a proper,
25 efficient and effective manner;

1 (c) Decide the objectives, strategies and policies of the Authority in
2 accordance with the provisions of this Act;

3 (d) Determine the organizational structure of the Authority in
4 accordance with the provisions of this Act, establish a human resources
5 management system based on merit and fitness, and adopt a rational
6 compensation and benefits scheme;

7 (e) Exercise appellate powers on any decision, finding and ruling of
8 the Director, to issue *subpoena ad testificandum* or *subpoena duces tecum*
9 requiring the attendance and testimony of witnesses in any matter or inquiry
10 pending before the Board and require the production of books, papers,
11 contracts, agreements and all other documents submitted for purposes of this
12 section to be under oath and verified by the person in custody thereof as to the
13 truth and correctness of data appearing in such books, papers, tariffs, contracts,
14 agreements and all other documents;

15 (f) Exercise appellate powers to order the taking of depositions in
16 any proceeding or investigation, pending before the Board at any stage of such
17 proceeding or investigation;

18 (g) Use available services, equipment, personnel and facilities of
19 other agencies of the Philippine government on a reimbursable basis when
20 appropriate and, on a similar basis, to co-operate with those agencies in the
21 establishment and use of services, equipment and facilities of the Authority;

22 (h) Use the property of the Authority in such a manner as it may
23 appear to the Authority to be requisite, advantageous or convenient with a view
24 of making the best use of any of the property of the Authority in relation to its
25 functions under this Act;

26 (i) Invest such of the Authority's funds that are not immediately
27 required for operating expenses, or other immediate obligations in any business
28 venture the Board may deem appropriate, or in such secured note, government

1 securities, and other negotiable instruments that satisfy the guidelines
2 prescribed by the Board. Funds of the Authority shall be deposited in such
3 commercial and universal banks as the Board may determine, subject to the
4 requirements of existing laws. The Board shall designate the officials
5 authorized to deposit in or withdraw funds from such depository banks;

6 (j) Promulgate rules and regulations as may be necessary in the
7 interest of safety in air commerce pertaining to the issuance of the airman's
8 certificate including the licensing of operating and mechanical personnel, type
9 certificate for aircraft, aircraft engines, propellers and appliances,
10 airworthiness certificates, air carrier operating certificates, air agency
11 certificates, navigation facility and aerodrome certificates; air traffic routes;
12 radio and aeronautical telecommunications and air navigation aids; aircraft
13 accident inquiries; aerodromes, both public and private-owned; construction of
14 obstructions to aerodromes; height of buildings; antennae and other edifices;
15 registration of aircrafts; search and rescue; facilitation of air transports;
16 operations of aircrafts, both for domestic and international, including
17 scheduled and nonscheduled; meteorology in relation to civil aviation; rules of
18 the air; air traffic services; rules for prevention of collision of aircrafts;
19 identification of aircrafts; rules for safe altitudes of flight; and such other rules
20 and regulations, standards, governing other practices, methods and/or
21 procedures as the Director may find necessary and appropriate to provide
22 adequately for safety regularity and efficiency in air commerce and air
23 navigation;

24 (k) Impose and fix reasonable charges and fees for the use of
25 government aerodromes or air navigation facilities; for services rendered by
26 the Authority in the rating of any aerodrome or air navigation facilities, civil
27 aviation schools and instructors, aircraft repair stations, and aircraft radio and
28 aeronautical telecommunications stations;

1 (l) Fix the reasonable charges to be imposed in the use of privately-
2 owned air navigation facilities and aerodromes;

3 (m) Adopt a system for the registration of aircraft as hereinafter
4 provided;

5 (n) Determine and fix, landing fees, parking space fees, royalties on
6 sales or deliveries, direct or indirect, to any aircraft for its use of aviation
7 gasoline, oil and lubricants, spare parts, accessories and supplies, tools, other
8 royalties, fees or rentals for the use of any of the property under its
9 management and control;

10 (o) Approve the annual and supplementary budget plan for the
11 utilization of retained revenue;

12 (p) Exercise the corporate powers granted to the Authority;

13 (q) Upon its own initiative or upon the recommendation of the
14 Director or an application of a private person, grant exemption from the
15 requirements of observing rules or regulations issued in accordance with this
16 Act: *Provided*, That said grant of exemption is not prejudicial to flight safety;

17 (r) Formulate rules and regulations concerning compliance of the
18 carrier and the public for the safe transport of goods and materials by air
19 pursuant to international standards or annexes to the Chicago Convention; and

20 (s) In coordination with the appropriate government agency tasked
21 to provide airport security, shall:

22 (1) Prescribe reasonable regulation requiring that all passengers and
23 all property intended to be carried in the aircraft cabin in commercial air
24 transport be screened by weapon-detecting procedures or facilities employed
25 or operated by employees or agents of the air operator or foreign air operator
26 prior to boarding the aircraft for such transportation;

1 (2) Prescribe such other reasonable rules and regulations requiring
2 such parties, methods and procedures as the Director may find necessary to
3 protect persons and property aboard aircraft operating in commercial air
4 transport against acts of criminal violence and aircraft piracy; and

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

10 SEC. 26. *Issuance of Rules and Regulations.* – The Board, in
11 consultation with the Director General, shall issue and provide for the
12 enforcement of such orders, rules and regulations as may be necessary to give
13 effect to the provisions of this Act. All rules and regulations issued in
14 accordance with the provisions of this Act shall be formally promulgated and
15 periodically reviewed and updated in accordance with the requirements of the
16 Administrative Code of the Philippines or any amendment or successor thereto
17 and the International Civil Aviation Organization Standards and
18 Recommended Practices. Pending the promulgation of such new rules and
19 regulations, the current rules and regulations of the ATO shall continue to
20 apply.

21 SEC. 27. *Setting of Charges and Fees.* – The Board, in consultation
22 with the Director, shall determine, fix, impose, collect or receive reasonable
23 charges, fees, dues or assessments in respect of aviation certificates, licenses
24 and all other authorizations or permissions authorized to be issued under this
25 Act and all services performed by the Authority. All charges and fees shall be
26 formally promulgated in accordance with the requirements of the
27 Administrative Code of the Philippines or any amendment or successor thereto.

1 Pending the promulgation of such new schedule of charges and fees, the
2 current charges and fees of the ATO shall continue to apply.

3 SEC. 28. *Issuance of Rules of Procedure and Practice.* – The Board
4 may authorize the Director to issue or amend rules of procedures and practices
5 as may be required to be issued pursuant to the provisions of this Act or issue
6 and adopt rules and regulations and other issuances of the ICAO. Pending the
7 promulgation of such new rules of procedures and practices, current rules of
8 procedures and practices of the ATO shall continue to apply.

9 SEC. 29. *Original Powers.* – Upon written petition by an interested
10 party, the Board may, in the exercise of original powers, hear cases of
11 national importance at the first instance. The Board shall, by regulation, set
12 forth such cases which may be brought directly before the Board.

13 SEC. 30. *Appellate Powers.* – The Board, on an appeal properly
14 taken by an interested party from a decision, judgment and/or order of a
15 Director, shall have the power to:

16 (a) Review, confirm, modify, revise, amend or reverse, as the case
17 may be, decisions, judgments and/or orders of the Director;

18 (b) Confirm, remit, mitigate, increase or compromise, as the case
19 may be, fines imposed by the Director pursuant with the provisions of this
20 Act; and

21 (c) Review, confirm, modify, revise, amend or reverse, as the case
22 may be, impositions by the Director of liens on personal and real properties
23 of entities, persons, corporations or partnerships in default, or those who
24 have failed to perform their obligations pursuant to the rules and regulations
25 promulgated under this Act, or those who shall have failed to pay the fines
26 or other pecuniary penalties for violation thereof.

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

7 SEC. 31. *Power to Administer Oaths.* – The members of the
8 Board, the Director and such other duly designated officers of the Authority
9 shall have the authority to administer oaths in the transaction and
10 performance of their official duties.

11 SEC. 32. *Annual Budget.* – The Board shall adopt an annual budget
12 to fund the operations of the Authority.

13 SEC. 33. *Delegation of Functions.* – (a) Delegation to Officers,
14 Employees and Administrative Units of Authority – The Director General
15 may, subject to such regulations, supervision and review as may be prescribed,
16 authorize the performance by any officer, employee or administrative unit
17 under the Director General's jurisdiction of any function under this Act.

18 (b) Delegation to Private Persons – The Director, in accordance
19 with the policy guidelines prescribed by the Board, is authorized to delegate
20 any assigned powers and duties to any properly qualified private person subject
21 to his continuing supervision, regulation and review as may be prescribed.
22 However, the Director shall ensure that such functions are not delegated in
23 such a way that air operators, aerial work or general aviation operators and
24 maintenance facilities, in effect, regulate themselves.

25 SEC. 34. *Limitation of Powers.* – The Board shall not exercise any
26 power or function not otherwise expressly granted to it under this Act,

1 neither shall the Board exercise, in the first instance, any power or function
2 that properly falls within the authority, jurisdiction, powers or functions of
3 the Director.

4 CHAPTER VI

5 THE AUTHORITY PROPER

6 SEC. 35. *Organizational Structure of the Authority.* – Within
7 fifteen (15) days from the appointment of and acceptance by all members of
8 the Board and the Director Generals of their respective appointment, the
9 Board, in consultation with the Director General, shall meet to draw up the
10 Authority's organizational structure. The Board shall agree on the
11 Authority's final organizational structure not later than six (6) months from
12 the date of the effectivity of this Act.

13 In addition to the offices created under Sections 38 and 42 of this
14 Act, the Board shall establish the following permanent offices:

- 15 (a) Air Traffic Service;
- 16 (b) Air Navigation Service;
- 17 (c) Aerodrome Development and Management Service; and
- 18 (d) Administrative and Finance Service.

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

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

1 shall be issued only upon the finding that the applicant is properly qualified
2 and physically able to perform the duties of the position. The certificate shall
3 contain such terms, conditions and limitations as the Director may determine to
4 be necessary to assure safety in air commerce: *Provided, however, That the*
5 *airman's license shall be issued only to qualified persons who are citizens of*
6 *the Philippines or qualified citizens of countries granting similar rights and*
7 *privileges to citizens of the Philippines;*

8 (d) To issue airworthiness certificate for aircraft which shall
9 prescribe the duration of such certificate, the type of service for which the
10 aircraft may be used, and such other terms and conditions and limitations as are
11 required;

12 (e) To issue air carrier operating certificate in accordance with the
13 minimum safety standards for the operation of the air carrier to whom such
14 certificate is issued. The air carrier operating certificate shall be issued only to
15 aircrafts registered under the provisions of this Act;

16 (f) To issue type certificate for aircraft, aircraft engine, propellers
17 and appliances;

18 (g) To inspect, classify and rate any air navigation facilities and
19 aerodromes available for the use of aircraft as to its suitability for such use and
20 to issue a certificate for such air navigation facility and aerodrome; and to
21 determine the suitability of foreign aerodromes, air navigation facilities as well
22 as air routes to be used prior to the operation of Philippine-registered aircraft
23 in foreign air transportation and from time to time thereafter as may be
24 required in the interest of safety in air commerce;

25 (h) To issue certificates of persons or civil aviation schools giving
26 instruction in flying, repair stations, and other air agencies and provide for the
27 examination and rating thereof;

1 (i) To provide for the enforcement of the rules and regulations
2 issued under the provisions of this Act and to conduct investigation for
3 violations thereto. In undertaking such investigation, to require by *subpoena ad*
4 *testificandum* or *subpoena duces tecum*, the attendance and testimony of
5 witness, the production of books, papers, documents, exhibits matter, evidence,
6 or the taking of depositions before any person authorized to administer oath.
7 Refusal to submit the reasonable requirements of the investigation committee
8 shall be punishable in accordance with the provisions of this Act;

9 (j) To collect and disseminate information relative to civil
10 aeronautics and the development of air commerce and the aeronautical
11 industry; to exchange with foreign governments, information pertaining to civil
12 aeronautics; and to provide for direct communication on all matters relating to
13 the *technical or operational phase of aeronautics with international aeronautical*
14 *agencies;*

15 (k) To acquire and operate such aircraft as may be necessary to
16 execute the duties and functions of the Authority prescribed in this Act;

17 (l) To plan, design, acquire, establish, construct, operate, improve,
18 maintain and repair necessary aerodromes and other air navigation facilities;

19 (m) To collect and receive charges and fees for the registration of
20 aircraft and for the issuance and/or renewal of licenses or certificates for
21 aircraft, aircraft engines, propellers and appliances, and airmen as provided in
22 this Act;

23 (n) To impose fines and/or civil penalties in respect thereto;

24 (o) To participate actively with the largest possible degree in the
25 development of international standardization of practices in aviation matters
26 important to safe, expeditious and easy navigation, and to implement as far as
27 practicable the international standards, recommended practices and policies
28 adopted by appropriate international aeronautical agencies;

1 (p) To exercise and perform its powers and duties under this Act
2 consistent with any obligation assumed by the Republic of the Philippines in
3 any treaty, convention or agreement on civil aviation matters;

4 (q) To cooperate, assist and coordinate with any research and
5 technical agency of the government on matters relating to research and
6 technical studies on design, materials, workmanship, construction,
7 performance, maintenance and operation of aircraft, aircraft engines,
8 propellers, appliances, and air navigation facilities including aircraft fuel and
9 oil: *Provided*, That nothing in this Act shall be construed to authorize the
10 duplication of the laboratory research, activities or technical studies of any
11 existing governmental agency;

12 (r) To designate such prohibited and danger areas, in consonance
13 with the requirements of the international aeronautical agencies and national
14 security;

15 (s) To issue, deny, suspend, cancel or revoke any certificate, license
16 pertaining to aircraft, airmen and air agencies: *Provided*, That any order
17 denying, suspending, cancelling, revoking the certificate or license may be
18 appealed to the Board, whose decisions shall be final within fifteen (15) days
19 from date of notification of such denial, cancellation or revocation;

20 (t) To grant authorization to civil aircraft or persons to carry
21 instruments or photographic devices to be used for aerial photography or
22 taking of pictures by photograph or sketching of any part of the Philippines;
23 and

24 (u) Pursuant to a Board resolution, to enter into, make and execute
25 contracts of any kind with any person, firm, or public or private corporation.

26 SEC. 38. *The Office of Enforcement and Legal Service.* - To
27 effectively implement the civil aviation regulatory, supervisory and

1 administrative mandates of the Director under this Act, a permanent office
2 within the Authority to be known as the Enforcement and Legal Service, to be
3 composed of in-house counsels of the Authority and its necessary support staff
4 to be established by the Board.

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

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

12 SEC. 39. *Orders.* – (a) Effectiveness of Orders – Except in
13 emergency situations, all orders, rules and regulations of the Director shall take
14 effect within such reasonable times as the Director may prescribe, and shall
15 continue in force until further order, rule or regulation, or for a specified
16 period of time, as shall be prescribed in the order, rule or regulation.

17 (b) Emergencies – Whenever the Director is of the opinion that an
18 emergency requiring immediate action exists with respect to safety in civil
19 aviation, the Director shall have the power, either upon complaint or the
20 Director's initiative without complaint, at once, if the Director so orders,
21 without answer or other form of pleading by the interested person or persons,
22 and with or without notice, hearing, or the making or filing of a report, to make
23 such just and reasonable orders, rules or regulations as may be essential in the
24 interest of safety in civil aviation to meet such emergency: *Provided*, That the
25 Director shall immediately thereafter initiate proceedings relating to the matter
26 giving rise to any such order, rule or regulation.

1 (c) Suspension and Modification of Orders – The Director shall
2 have the power to suspend or modify orders upon such notice and in such
3 manner as the Director shall find proper.

4 (d) Public Compliance – It shall be the duty of every person (along
5 with any agents and employees thereof in the case of entities other than
6 individuals), subject to this Act, to observe and comply with any order, rule,
7 regulation or certificate issued by the Director under this Act, affecting such
8 person so long as the same shall remain in effect.

9 SEC. 40. *Right of Access for Inspection.* – (a) The Director or his
10 authorized representative shall be authorized access to civil aircraft, including
11 aerodromes, without restriction wherever they are operated within the
12 Philippines for purposes of ensuring that those aircraft are airworthy and being
13 operated in accordance with this Act, regulations issued under this Act, and
14 applicable ICAO Annexes.

15 (b) The Director or his authorized representative shall be authorized
16 access to civil aircraft registered in the Philippines without restriction wherever
17 they are operated in the world for the purposes of ensuring that these aircraft
18 are airworthy and are being operated in accordance with this Act and
19 applicable regulations and directives.

20 (c) The Director or his authorized representative shall be authorized
21 access by the Philippine air operators at any place and any time to conduct any
22 tests or inspections in their facility or offices in order to determine that those
23 operations are conducted in accordance with this Act and applicable
24 regulations and directives.

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

1 SEC. 41. *Authority to Prevent Flight.* – (a) The Director is
2 authorized to direct the operator or airman of a civil aircraft that the aircraft is
3 not to be operated in situations where:

4 (1) The aircraft may not be airworthy; or

5 (2) The airman may not be qualified or physically or mentally
6 capable for the flight; or

7 (3) The operation would cause imminent danger to persons or
8 property on the ground.

9 (b) The Director may take such steps as are necessary to detain such
10 aircraft or airmen.

11 SEC. 42. *Creation of Flight Standards Inspectorate Service.* – The
12 Board, other than the offices it shall create in furtherance of this Act, shall
13 establish a permanent office known as the Flight Standards Inspectorate
14 Service (FSIS) that will assist the Director in carrying out the responsibilities
15 of his office for certification and ongoing inspections of aircraft, airmen and air
16 operators.

17 The FSIS shall perform the following functions:

18 (a) Airworthiness inspection;

19 (b) Flight operations inspection and evaluation; and

20 (c) Personnel licensing.

21 Furthermore, the Board shall create, but not limited to, the following
22 offices which will provide support to the functions of the FSIS, namely:
23 Aircraft Registration, Aircraft Engineering and Standards, Airmen
24 Examination Board and Office of the Flight Surgeon.

25 SEC. 43. *Validation.* – The Director is authorized, in the discharge
26 of his certification and inspection responsibilities, to validate the actions of the

1 civil authority of another State in lieu of taking the specific action, with the
2 following restrictions:

3 (a) For actions on airman or airworthiness certificates, the other
4 State must be a signatory to the Chicago Convention and be fulfilling its
5 obligations under the Chicago Convention with respect to the issuance and
6 currency of these certificates; and

7 (b) For actions applicable to air operators, the Director must
8 exercise discretion and require supporting documents. The Director should
9 ensure that, when validation is based on the actions of another civil aviation
10 authority, there is no information to indicate that the State does not meet its
11 obligations under the Chicago Convention regarding certification and ongoing
12 validation of its air operators.

13 SEC. 44. *Aircraft Accident Investigation and Inquiry Board.* –
14 Pending the establishment of an independent and separate government agency
15 created to conduct investigation of accidents on land, air and water, the
16 Director shall organize an Aircraft Accident Investigation and Inquiry Board
17 (AAIIB), to be composed of personnel of the Authority specialized in the
18 various disciplines of civil aviation. The Board shall appoint the head of the
19 AAIIB.

20 (a) *Reporting of Accidents* – The Board shall promulgate rules
21 and regulations governing the notification and the reporting of accidents
22 and incidents involving aircraft.

23 (b) *General Authority to Investigate* – Except as provided in
24 subsection c of this section, the Director shall have:

25 (1) The power to investigate, or arrange by contract or
26 otherwise for the investigation of, accidents involving aircraft occurring

1 in the Philippines and civil aircraft registered in the Philippines
2 occurring outside the territory of any foreign country for the purpose of
3 determining the facts, conditions and circumstances relating to each
4 accident and the probable cause thereof; and

5 (2) The authority to participate in the investigation of
6 accidents involving aircraft registered in the Philippines occurring
7 outside the territory of a foreign country, consistent with any treaty,
8 convention, agreement or other arrangement between the Philippines and
9 the country in whose territory the accident occurred.

10 (c) Accident Prevention – The Director shall take any
11 corrective actions which, on the basis of the findings of the accident
12 investigations authorized under this section, that, in the judgment of the
13 Director, will tend to prevent similar accidents in the future.

14 (d) Investigation of Accidents Within Military Sites –
15 Notwithstanding any other provision of this section, the investigation of
16 an accident involving aircraft occurring within military sites in the
17 Philippines, or an accident involving solely an aircraft of the armed
18 forces of any foreign country occurring in the Philippines, shall be the
19 responsibility of the military. For the purpose of this subsection, the
20 term 'military sites' means those areas within the Philippines which are
21 under the control of the military of the Philippines or the military of
22 another country.

23 (e) Use as Evidence – No part of any report or reports of the
24 Director relating to any accident, or the investigation thereof, shall be
25 admitted as evidence or used in any suit or action for damages arising
26 out of any matter mentioned in such report or reports except when the
27 criminal liabilities/aspects of the accident is put into issue.

CHAPTER VIII

NATIONALITY AND OWNERSHIP OF AIRCRAFT

SEC. 45. *Establishment of Registry.* – The Authority shall:

(a) Establish and maintain a system for the national registration of aircraft in the Philippines;

(b) Establish and maintain a system for the registration of liens, mortgages or other interests in aircraft or aircraft engines; and

(c) Have sole authority to register aircraft and liens, mortgages or other interests in aircraft or aircraft engines.

SEC. 46. *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 sixty *per centum* (60%) 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 prerequisite to any aeronautical activities of such clubs within the Philippine airspace. (Republic Act No. 776, Presidential Decree No. 1278, Executive Order No. 546 and Batas Pambansa Big. 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.

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

3 SEC. 47. *Application for Aircraft Registration.* – Applications for
4 certificate of registration shall be made in writing, signed and sworn to by
5 the owner or lessee of any aircraft or aircraft engine eligible for registration.
6 The application shall also state: (a) the date and place of filing; (b) the
7 specification, construction and technical description of the aircraft or aircraft
8 engine; and (c) such other information as may be required by the Authority
9 in such manner and form as the Authority may prescribe by regulation.

10 SEC. 48. *Issuance of Certificate of Registration.* – Should the
11 Director, upon considering the application for registration, find the aircraft
12 or aircraft engine eligible for registration, such aircraft shall be registered
13 under the provisions of this Act and the owner thereof shall be issued a
14 certificate of registration.

15 SEC. 49. *Nationality.* – An aircraft shall acquire Philippine
16 nationality when registered pursuant to this Act.

17 SEC. 50. *Revocation.* – Any certificate of registration may be
18 revoked by the Authority for any cause which renders the aircraft ineligible
19 for registration.

20 SEC. 51. *Conveyance to be Recorded.* – No conveyance made or
21 executed, which affects the title to, or interest in, any aircraft of Philippine
22 registry, or any portion thereof shall be valid in respect to such aircraft or
23 portion thereof against any person other than the person by whom the
24 conveyance is made or executed, his heirs, assignees, executors,
25 administrators, devisees, or successors in interest, and any person having
26 actual notice thereof, until such conveyance is recorded in the Authority.

1 Every such conveyance so recorded shall be valid as against all persons. Any
2 instrument, recording of which is required by the provisions of this Act, shall
3 take effect from the date of its record in the books of the Authority, and not
4 from the date of its execution.

5 SEC. 52. *Form of Conveyance.* – No conveyance may be recorded
6 under the provisions of this Act unless it complies with the requirements for
7 the registration of documents similar to the land registration process. The
8 conveyance to be recorded shall also state: (a) the interest in the aircraft of
9 the person by whom such conveyance is made or executed or, in the case of
10 a contract of conditional sale, the interest of the vendor; and (b) the interest
11 transferred by the conveyance.

12 SEC. 53. *Establishment of System of Recording.* – The Authority
13 shall establish a national system for recording documents that affect the title
14 to or any interest in any aircraft registered in accordance with this Act and in
15 any aircraft engine, propeller, appliance or spare parts intended for use on
16 any such aircraft.

17 SEC. 54. *Method of Recording.* – The Authority shall record
18 conveyances delivered to it in the order of their receipt, in files kept for that
19 purpose, indexed to show:

- 20 (a) The identifying description of the aircraft;
- 21 (b) The names of the parties to the conveyance;
- 22 (c) The date of the instrument and the date and time it is recorded;
- 23 (d) The interest in the aircraft transferred by the conveyance;
- 24 (e) If such conveyance is made as security for indebtedness, the
25 amount and date of maturity of such indebtedness; and

1 air carrier is properly and adequately equipped and has demonstrated the
2 ability to conduct a safe operation in accordance with the requirements of this
3 Act and the rules, regulations and standards issued pursuant thereto, the
4 Director shall issue an air operator certificate to such air carrier: *Provided,*
5 *however,* That in no event shall the Director issue an air operator certificate to
6 an air carrier that does not possess a valid Certificate of Public Convenience
7 and Necessity (CPCN) issued pursuant to this Act and its implementing rules.

8 D. Aviation Schools and Approved Maintenance Organizations

9 SEC. 69. *Examination and Rating.* -- The Director is authorized to
10 provide for the examination and rating of:

11 (a) The adequacy of the course of instruction, the suitability and
12 airworthiness of the equipment and the competency of the instructors of
13 civilian schools providing instruction in flying or in the repair, alteration,
14 maintenance, and overhaul of aircraft, aircraft engines, propellers and
15 appliances; and

16 (b) The adequacy and suitability of the equipment, facilities and
17 materials for, and methods of, repair and overhaul, and the competency of those
18 engaged in the work or giving any instruction in accredited maintenance
19 organizations or shops engaged in the repair, alteration, maintenance and
20 overhaul of aircraft engines, propellers and appliances.

21 SEC. 70. *Air Navigation Facility Safety Standards.* -- (a) Minimum
22 Safety Standards -- The Director shall have the power to prescribe and revise,
23 from time to time as necessary, minimum safety standards for the operation of
24 air navigation facilities located in the Philippines.

1 (b) Certification of Airports:

2 (1) The Director is empowered to issue airport certificates to, and
3 to establish minimum safety standards for the operation of, airports that serve
4 any scheduled or unscheduled passenger operations of air operator or foreign
5 air operator aircraft.

6 (2) Any person desiring to operate an airport that is described in
7 this section and that is required by the Director, by rule, to be certified may
8 file with the Director an application for an airport operating certificate. If the
9 Director finds, after investigation, that such person is properly and adequately
10 equipped and able to conduct a safe operation in accordance with the
11 requirements of this Act and the rules and regulations, and standards
12 prescribed thereunder, the Director shall issue an airport operating certificate
13 to such person. Each airport operating certificate shall prescribe such terms,
14 *conditions and limitations* as are reasonably necessary to assure safety in
15 commercial air transport. Unless the Director determines that it would be
16 contrary to public interest, such terms, conditions and limitations shall include,
17 but not limited to, terms and conditions, relating to:

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

22 (ii) The condition and maintenance of primary and secondary
23 runways as the Director determines to be necessary.

24 SEC. 71. *Duties and Operations of Airmen.* – It shall be the duty of:

25 (a) Each air carrier to make or cause to be made, such inspection,
26 maintenance, overhaul and repair of all equipment used in air transport and to ensure

1 that the operations conducted are in accordance with the provisions of this Act and the
2 rules, regulations, directives and orders issued by virtue of this Act;

3 (b) Each air carrier holding an air operator certificate to ensure that the
4 maintenance of aircraft and operations thereof are conducted in the public interest and
5 in accordance with the requirements of this Act and the rules, regulations, directives
6 and orders issued by virtue of this Act;

7 (c) Each holder of an airman certificate to observe and comply with the
8 authority and limitations of that certificate, the requirements of this Act and the rules,
9 regulations, directives and orders issued by virtue of this Act;

10 (d) Every person performing duties in air transportation to observe and
11 comply with the requirements of this Act and the rules, regulations, directives and
12 orders issued by virtue of this Act; and

13 (e) Every person who offers or accepts shipments, cargo or baggage in air
14 commerce to offer or accept such shipments, cargo or baggage in accordance with the
15 provisions of Annex 18 of the Chicago Convention and the ICAO Technical
16 Instructions for the Safe Transport of Dangerous Goods by Air.

17 *SEC. 72. Authority to Inspect. – (a) Authority to Inspect Equipment*
18 *– The Director shall have the power and duty to:*

19 (1) Make such inspections of aircraft, aircraft engines, propellers
20 and appliances used by an operator of civil aircraft as may be necessary to
21 determine that the operators are maintaining the safe condition for the
22 operation in which they are used; and

23 (2) Advise each operator in the inspection and maintenance of these
24 items.

1 (b) *Unsafe Aircraft, Engines, Propellers and Appliances* – When the
2 Director finds that any aircraft, aircraft engine, propeller or appliance, used or
3 intended to be used by any operator in civil aviation, is not in a condition for
4 safe operation, the Director shall notify the operator. Such aircraft, aircraft
5 engine, propeller or appliance then shall not be used in civil aviation or in such
6 manner also to endanger civil aviation, unless found by the Director to be in a
7 condition for safe operation.

8 SEC. 73. *Amendment, Modification, Suspension and Revocation of*
9 *Certificates.* – (a) *Re-inspection and Reexamination* – The Director
10 may, from time to time, for any reason, re-inspect or reexamine any civil
11 aircraft, aircraft engine, propeller, appliance, air operator, school, with
12 approved maintenance organization, or any civil airman holding a
13 certificate issued under this Act.

14 (b) *Actions of the Director* – If, as a result of any such re-
15 inspection or reexamination, or if, as a result of any other investigation
16 made by the Director, the Director determines that safety in civil
17 aviation or commercial air transport and the public interest requires, the
18 Director may issue an order amending, modifying, suspending or
19 revoking, in whole or in part, any airworthiness certificate, airman
20 certificate, air operator certificate or certificate for any airport, school
21 or approved maintenance organization issued under this Act.

22 (c) *Notice to Certificate Holders and Opportunity to Answer* –
23 Prior to amending, modifying, suspending or revoking any of the
24 foregoing certificates, the Director shall advise the holder thereof as to
25 any charges or reasons relied upon by the Director for the proposed
26 action and, except in cases of emergency, shall provide the holder of
27 such certificate an opportunity to answer any charges and be heard as to

1 why such certificate should not be amended, modified, suspended or
2 revoked.

3 (d) Appeals – Any person whose certificate is affected by such
4 an order of the Director under this section may file his motion for
5 reconsideration within five (5) days from receipt thereof and in case of
6 denial shall, within ten (10) days, file his appeal to the Board.

7 (e) Effectiveness of Orders Pending Appeal – The filing of
8 motion for reconsideration or appeal as provided for under this Act shall
9 not stay the effectiveness of the Director's order except through an
10 injunctive relief duly issued by a court of competent jurisdiction.

11 SEC. 74. *Prohibitions.* – (a) It shall be unlawful for any person,
12 to:

13 (1) Operate in civil aviation any civil aircraft which there is not
14 currently in effect a certificate of airworthiness and registration, or in
15 violation of the terms of any such certificate and operation of the
16 aircraft in a careless and reckless manner and operation of aircraft in
17 contravention of its approved operating limitations and manual;

18 (2) Serve in any capacity as an airman in connection with any
19 civil aircraft, aircraft engine, propeller or appliance used or intended for
20 use in civil aviation without an airman certificate authorizing that
21 person to serve in such capacity, or in violation of any term, condition
22 or limitation of his certificate, or in violation of any order, rule or
23 regulation issued under this Act;

24 (3) Employ for service in connection with any civil aircraft
25 used in civil aviation an airman who does not have an airman certificate

1 authorizing that person to serve in the capacity for which the person is
2 employed;

3 (4) Operate as an air operator without an air operator
4 certificate, or in violation of the terms of any such certificate;

5 (5) Operate aircraft in civil aviation in violation of any rule,
6 regulation or a certificate issued by the Director under this Act; and

7 (6) While holding a certificate issued to a school or approved
8 maintenance organization as provided for in this Act, to violate any
9 term, condition or limitation thereof or to violate any order, rule or
10 regulation made under this Act relating to the holder of such certificate.

11 (b) Considering that the aircraft operation is impressed with public
12 interest, the Director may prescribe exemptions of the foregoing provisions for
13 foreign aircraft and airmen.

14 CHAPTER X

15 OTHER POWERS

16 SEC. 75. *Statutory Lien.* - The Director, after complying with the
17 required legal formalities provided by law, shall have the power to impose lien
18 on aircraft and machinery:

19 (a) If the charges and other fees are not paid in full on due date or any
20 part of the charges or the late payment penalty thereto remains unpaid; and

21 (b) Failure to pay administrative fines arising from violation of any
22 rules and regulations promulgated by the Authority.

23 SEC. 76. *Lien on Personal and Real Properties.* - The Director shall
24 have the power to impose lien on personal and real properties, and other assets
25 of persons, corporations, partnerships, and such other entities that shall be in

1 default, or fail to perform their obligations, or fail to pay the fines and other
2 penalties imposed for violations of the law, rules and regulations of the
3 Authority.

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

7 *SEC. 77. Police Authority.* – The Director shall have the power to
8 exercise such police authority as may be necessary within the premises of
9 airports under its jurisdiction to carry out its functions and attain its purposes
10 and objectives. The grant of such powers shall be in conformity with the
11 functions exclusively provided by law to be exercised by the Philippine
12 National Police and other concerned government agencies: *Provided, That the*
13 *Authority may request the assistance of other law enforcement agencies,*
14 *including request for deputization as may be required. Such police authority*
15 *shall be exercised in connection with the following:*

16 (a) Maintenance of security to passengers, cargoes, aircraft, airport
17 equipment, structures, facilities, personnel, funds and documents;

18 (b) Regulating the entry to, exit from and movement within an
19 airport;

20 (c) Maintenance of peace and order within the premises of an
21 airport in coordination with the local police authorities and other authorized
22 peace-keeping entities within an airport;

23 (d) Regulation and supervision of private security agencies
24 operating within an airport; and

25 (e) Enforcement of the rules and regulations promulgated by the
26 Board pursuant to the authority granted under this Act.

1 SEC. 78. *Regulation of Building Heights.* – The Board shall have
2 the power to regulate the height of buildings, towers, antennae and other
3 edifices, situated within the vicinity of or in close proximity to airports
4 estimated to endanger the flight of aircrafts. It shall also have the power to
5 prohibit or regulate the establishment and operations of electrical, electronics,
6 sound, magnetic, laser or other electronic gadgets, equipment or installations
7 which will tend to interfere with or impair air navigation in accordance with
8 the international standards and recommended practices on airports, as
9 recommended by the ICAO.

10 SEC. 79. *Authority Respecting the Transportation of Dangerous*
11 *Goods by Air.* – The Director shall monitor and enforce compliance of the
12 rules and regulations concerning the carriage of goods by air in relation to
13 Annex 18 of the Chicago Convention and the ICAO Technical Instructions for
14 the Safe Transport of Dangerous Goods by Air.

15 SEC. 80. *Development of New Airports.* – The Board shall be
16 responsible for the planning, development, construction, operation,
17 maintenance or the expansion of airports. In planning and developing new
18 airports, the Board shall consider:

19 (a) The suitability of a proposed site in terms of terrain and
20 proximity to population center(s);

21 (b) The projected size of the market to be served by a proposed
22 airport;

23 (c) The ability of a proposed airport to generate sufficient revenue to
24 cover costs of operation and maintenance;

25 (d) The availability of funding from both local and foreign sources
26 for the construction of a new airport or expansion of an existing one;

1 SEC. 83. *Penalties.* – (a) The Director, after due notice and
2 hearing, is authorized to impose the following fines and penalties for each
3 violation of this Act:

4 (1) Any person who operates any aircraft without the current
5 airworthiness certificate, in violation of any rule, regulation or order issued by
6 the Director relating to aeronautical safety standards or practices or
7 procedures, shall be punished by a fine ranging from Twenty thousand pesos
8 (Php20,000.00) to Fifty thousand pesos (Php50,000.00) for the 1st offense,
9 suspension of the license for three (3) months for the 2nd offense and
10 revocation or cancellation of such license for the 3rd offense;

11 (2) Any person serving in any capacity as an airman in connection
12 with any civil aircraft in violation of the terms, conditions or limitations of any
13 such airman license or certificate, or in excess of the rating of such certificate,
14 shall be punished by a fine ranging from Twenty thousand pesos
15 (Php20,000.00) to Fifty thousand pesos (Php50,000.00) for the 1st offense,
16 suspension of the license for three (3) months for the 2nd offense and
17 revocation or cancellation of such license for the 3rd offense. The repetition of
18 this offense shall be sufficient cause for the revocation of the airman's
19 certificate;

20 (3) Any person who employs, in connection with any aircraft used
21 in air commerce, an airman who does not have an airman's certificate
22 *authorizing him to serve* in the capacity for which he is employed shall be
23 punished by a fine ranging from Fifty thousand pesos (Php50,000.00) to One
24 hundred thousand pesos (Php100,000.00), as determined by the Director in the
25 exercise of his reasonable discretion. A repetition of the offense shall be
26 sufficient cause for the revocation of such person's certificate authorizing it to
27 engage in air carrier operation;

1 (4) Any person who was issued by the Director relating to air
2 carrier operation, aviation school, aircraft maintenance and other civil aviation-
3 regulated activity which are being certificated and regulated by the Director
4 who have been found to have violated any term, condition or limitation thereof,
5 or violates any order, rule or regulation issued by virtue of this Act relating to
6 the holder of such certificate shall be punished by a fine ranging from Three
7 hundred thousand pesos (Php300,000.00) to Five hundred thousand pesos
8 (Php500,000.00), as determined by the Director in the exercise of his
9 reasonable discretion. The repetition of this offense shall be sufficient cause
10 for the revocation of such person's certificate; and

11 (5) No person shall interfere, obstruct, hinder or delay the Director,
12 or any person duly delegated by the Director, in the performance of his duties
13 pursuant to public interest. A fine ranging from Twenty thousand pesos
14 (Php20,000.00) but not exceeding One hundred thousand pesos
15 (Php100,000.00), as determined by the Director in the exercise of his
16 reasonable discretion, shall be imposed upon anyone who:

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

21 (ii) Shall knowingly and willfully fail or refuse to make and/or
22 submit aircraft maintenance or flight logbooks, contracts, manuals, technical
23 reports and all other documents required to be submitted by him for
24 consideration before the Director or his duly authorized representative; or to
25 keep or preserve records, reports, papers and all other documents required by
26 the Director or his duly authorized representative; or

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

10 (iv) Refuses to be sworn in as a witness or to answer as such when
11 lawfully required to do so: *Provided*, That the Director or his duly authorized
12 representative shall, if necessary, be entitled to the assistance of law
13 enforcement officials for the execution of any order to compel a witness to be
14 present or to testify; or

15 (v) Neglects or refuses to attend and/or testify and/or to answer any
16 lawful inquiry or to produce books, papers or documents, if in his power to do
17 so, in obedience to the subpoena or lawful requirement of the Director or his
18 duly authorized representative; or

19 (vi) Testifies falsely or makes false affidavits, or both, before the
20 Director or his duly authorized representative.

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

24 (1) Any person who operates any aircraft without a valid or current
25 license or ratings or in violation of any rule, regulation or order issued by the
26 Director relating to aeronautical safety standards or practices or procedures

1 shall be punished by imprisonment for not more than three (3) years or a fine
2 ranging from Fifty thousand pesos (Php50,000.00) but not exceeding Two
3 hundred thousand pesos (Php200,000.00), or both, at the discretion of the
4 court;

5 (2) Any person who knowingly and willfully forges, counterfeits,
6 alters or falsifies any certificate or aviation certificate authorized to be issued
7 pursuant to the provisions of this Act, or knowingly uses or attempts to use any
8 such fraudulent certificate or aviation certificate, and any person who
9 knowingly and willfully displays or causes to be displayed on any aircraft any
10 marks that are false or misleading as to the nationality or registration of the
11 aircraft shall be punished by imprisonment ranging from three (3) years to six
12 (6) years or a fine of not less than One hundred thousand pesos
13 (Php100,000.00) but not exceeding Five hundred thousand pesos
14 (Php500,000.00), or both, as determined by the court;

15 (3) Any person who shall use for flight operation an unregistered
16 aircraft or engaged in the operation of aviation school, aircraft maintenance
17 facilities, aircraft material distributorship, air carrier operations or any other
18 civil aviation regulated activities without the required air agency certificate
19 issued by the Director shall be punished by imprisonment ranging from three
20 (3) years to seven (7) years or a fine of not less than One hundred thousand
21 pesos (Php100,000.00) but not exceeding Five hundred thousand pesos
22 (Php500,000.00), or both, as determined by the court;

23 (4) Any person found guilty of violating the conditions attendant to
24 the issuance of the airworthiness certificate of the aircraft shall be subjected to
25 imprisonment ranging from three (3) to seven (7) years or a fine of not less
26 than One hundred thousand pesos (Php100,000.00) but not exceeding Five
27 hundred thousand pesos (Php500,000.00), or both, as determined by the court;

1 (5) Any person who destroys or seriously damages the facilities of
2 an airport or disrupts the services of an airport shall be subjected to
3 imprisonment ranging from one (1) year to three (3) years or a fine of not less
4 than Fifty thousand pesos (Php50,000.00) but not exceeding Five hundred
5 thousand pesos (Php500,000.00), or both, as determined by the court;

6 (6) No person shall interfere with air navigation. An imprisonment
7 for not more than three (3) years or a fine of not less than Fifty thousand pesos
8 (Php50,000.00) but not exceeding Five hundred thousand pesos
9 (Php500,000.00), or both, as determined by the court, shall be imposed upon
10 any person who:

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

16 (ii) After due warning by the Director or his duly authorized
17 representative, continues to maintain any misleading light or signal; or

18 (iii) Knowingly removes, extinguishes or interferes with the
19 operation of any true light or signal;

20 (7) Any person who destroys or damages air navigation facilities or
21 interferes with their operation shall be subjected to imprisonment from one (1)
22 year to three (3) years or a fine of not less than Fifty thousand pesos
23 (Php50,000.00) but not exceeding Five hundred thousand pesos
24 (Php500,000.00), or both, as determined by the court. If such act endangers the
25 safety of air navigation, the court may impose an increased penalty of
26 imprisonment from three (3) years to six (6) years or a fine ranging from Five

1 hundred thousand pesos (Php500,000.00) to One million pesos
2 (Php1,000,000.00) [Convention for Suppression of Unlawful Acts Against the
3 Safety of Civil Aviation, signed at Montreal, 23 September 1971, Art. 1(d)];

4 (8) Any person who, whether on board or on the ground,
5 communicates false information to an aircraft and thereby endangering the
6 safety of an aircraft in flight shall be subjected to imprisonment from one (1)
7 year to three (3) years or a fine of not less than Fifty thousand pesos
8 (Php50,000.00) but not exceeding Five hundred thousand pesos
9 (Php500,000.00), or both, as determined by the court. [Convention for
10 Suppression of Unlawful Acts Against the Safety of Civil Aviation, signed at
11 Montreal, 23 September 1971, Art. 1(e)];

12 (9) Any person who, while on board an aircraft, interferes with a
13 crewmember's or flight attendant's performance of their duties, assaults,
14 intimidates or threatens any crewmember or flight attendant shall be subjected
15 to imprisonment from one (1) year to three (3) years or a fine of not less than
16 Fifty thousand pesos (Php50,000.00) but not exceeding Five hundred thousand
17 pesos (Php500,000.00), or both, as determined by the court;

18 (10) Any person who, while on board or while attempting to board
19 any aircraft in or intended for operation in commercial air transport, has, on or
20 about his person or his property, a concealed deadly or dangerous weapon
21 which is, or would be accessible to such person in flight, or any person who
22 has on or about his person, or who has placed, or attempted to place aboard
23 such aircraft any bomb or similar explosive or incendiary device, shall be
24 subjected to imprisonment from three (3) years to six (6) years or a fine of not
25 less than One hundred thousand pesos (Php100,000.00) but not exceeding Five
26 hundred thousand pesos (Php500,000.00), or both, as determined by the court.

1 This subsection shall not apply to persons duly authorized by the
2 Director to carry deadly or dangerous weapons in commercial air transport nor
3 shall it apply to other persons transporting weapons contained in baggage that
4 is not accessible to passengers in flight if the presence of such weapons has
5 been declared to the air carrier and duly approved by the proper authority;

6 (11) Any person who imparts or conveys, or causes to be imparted
7 or conveyed false information, knowing the information to be false, concerning
8 an attempt or alleged attempt being made or to be made to do an act which
9 would be a crime prohibited by clauses (8), (9) and (10) of this section, shall
10 be subjected to imprisonment from one (1) year to three (3) years or a fine of
11 not less than Fifty thousand pesos (Php50,000.00) but not exceeding Five
12 hundred thousand pesos (Php500,000.00), or both, as determined by the court.
13 [Convention for Suppression of Unlawful Acts Against the Safety of Civil
14 Aviation, signed at Montreal, 23 September 1971, Art. 1(e)];

15 (12) Any person who, while on board an aircraft, commits any other
16 act not otherwise expressly covered under clauses (8), (9), (10) and (11) above
17 which jeopardizes the safety of the aircraft or of persons or property therein, or
18 which jeopardizes good order and discipline on board such aircraft shall be
19 subjected to imprisonment from six (6) months to three (3) years or a fine of
20 not less than Fifty thousand pesos (Php50,000.00) but not exceeding Five
21 hundred thousand pesos (Php500,000.00), or both, as determined by the court.
22 [Convention on Offenses and Certain Other Acts Committed on Board
23 Aircraft, signed at Tokyo, 14 September 1963, Art. 1(b)];

24 (13) Any person who knowingly and without authority removes,
25 conceals or withholds any part of an aircraft involved in an aircraft accident or
26 any property on board such aircraft at the time of the aircraft accident shall be

1 subjected to imprisonment from three (3) years to six (6) years or a fine of not
2 less than One hundred thousand pesos (Php100,000.00) but not exceeding Five
3 hundred thousand pesos (Php500,000.00), or both, as determined by the court;
4 and

5 (14) Any person who willfully delivers or causes to be delivered to
6 an air carrier for air transport, or if that person recklessly causes the
7 transportation in air transport, of any shipment, cargo, baggage or other
8 property in violation of the provisions of Annex 18 of the Chicago Convention
9 and the ICAO Technical Instruction for the Safe Transport of Dangerous
10 Goods by Air, or the corresponding rules and regulations issued by the
11 Authority shall be subjected to imprisonment from one (1) year to three (3)
12 years or a fine of not less than One hundred thousand pesos (Php100,000.00)
13 but not exceeding Five hundred thousand pesos (Php500,000.00), or both, as
14 determined by the court.

15 The provisions of paragraph (b), clauses (9), (10), (11) and (12)
16 above shall apply to any aircraft located within the special jurisdiction of the
17 Philippines.

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

21 SEC. 84. *General Penalty.* – Any violation of the provisions of this
22 Act, or any order, rule or regulation issued thereunder, or any term, condition
23 or limitation of any certificate or license issued under this Act for which no
24 penalty is expressly provided shall be punished by a fine ranging from Twenty
25 thousand pesos (Php20,000.00) to One hundred thousand pesos
26 (Php100,000.00) for each violation.

1 the Director until his successor shall have been appointed and inducted into
2 office in accordance with this Act. However, affected officials and personnel,
3 with appointments attested by the Civil Service Commission, whether hired on
4 a permanent or temporary basis, who would opt to retire or to be separated
5 from the service, and those hired on a casual or contractual basis, if qualified,
6 shall be given the option to avail themselves of any of the following, whichever
7 is beneficial to them:

8 (a) Retirement gratuity as provided under Republic Act No. 1616,
9 as amended, plus the refund of retirement premiums payable by the
10 Government Service Insurance System (GSIS), without the incentive herein
11 provided;

12 (b) Retirement benefit under Republic Act No. 660 or applicable
13 retirement, separation or unemployment benefit as provided under Republic
14 Act No. 8291, if qualified, plus the following applicable incentives:

15 (1) One-half (1/2) month of the present basic salary for every year
16 of government service and a fraction thereof, for those who have rendered
17 twenty (20) years of service and below;

18 (2) Three-fourth (¾) month of the present basic salary for every
19 year of government service and a fraction thereof, computed starting from the
20 1st year, for those who have rendered twenty-one (21) to thirty (30) years of
21 service; and

22 (3) One (1) month of the present basic salary for every year of
23 government service and a fraction thereof, computed starting from the 1st year,
24 for those who have rendered thirty-one (31) years of service and above:
25 *Provided, That the GSIS shall pay, on the day of separation, the*
26 *retirement/separation/unemployment benefits to which an affected employee*

1 may be entitled to under Republic Act No. 660 or Republic Act No. 8291 and
2 whenever there is an option, the one which the affected employee has chosen
3 as the most beneficial to him/her: *Provided, further,* That for the purpose of
4 complying with the required number of years of service under Republic Act
5 No. 8291, the portability scheme under Republic Act No. 7699 may be
6 applied, subject to existing policies and guidelines; and

7 (c) Those with less than three (3) years of government service may
8 opt to avail of the separation gratuity under Republic Act No. 6656, plus the
9 appropriate incentive provided under paragraph (b) of this section.

10 No affected employee who opted for retirement/separation shall
11 receive less than an aggregate of Fifty thousand pesos (Php50,000.00) as his
12 retirement/separation gratuity from both the national government and the
13 GSIS.

14 SEC. 89. *Organization of the Authority.* – Any officer/employee
15 who availed the benefits of the foregoing provisions shall not qualify for
16 reemployment to the Authority within seven (7) years from the date of
17 retirement/resignation.

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

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

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

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

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

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

Approved,

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