

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 2041

HOUSE OF REPRESENTATIVES

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Introduced by Rep. CESAR V. SARMIENTO

EXPLANATORY NOTE

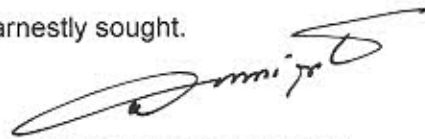
Republic Act 9497, otherwise known as the Civil Aviation Act of 2008 was signed into law on March 4, 2008. The law abolished the Air Transportation Office (ATO) and in its stead created the Civil Aviation Authority of the Philippines (CAAP), which is mandated to set comprehensive, clear, and impartial rules for the aviation industry. Under RA 9497, the CAAP shall be an independent regulatory body with quasi-judicial and quasi-legislative powers with corporate attributes.

Prior to the passage of RA 9497, the US Federal Aviation Authority (FAA) downgraded the Philippines to Category 2 status in 2007 after finding 88 critical elements. The "downgrade" meant the FAA had concerns over the ability of its counterpart (formerly ATO) to implement global aviation standards, which include security and safety, among others. In 2010, the EU placed Philippine air carriers on its blacklist, banning any airline from the Philippines from flying to Europe. These restrictions were obstacles in the expansion plans of both Philippine Airlines and Cebu Pacific. The restrictions prevent airlines from the Philippines from mounting new flights from the Philippines to the US or Europe.

These are perceived as having a negative impact on tourism and the growth of the Philippines' air transport sector in general. Recently, the technical review report of the FAA cited 23 "critical elements" that still have to be addressed for the improvement of the country's aviation status. The remaining "critical elements" include fine-tuning of the Philippine Civil Air Regulations, changing the CAAP's safety and oversight structure, updating its database storing system, standardizing their certification of safety inspectors, and revalidating airline carriers, among others.

The recent efforts of CAAP have led to the resolution of many of the regulatory concerns raised, as indicated by the restoration of the Philippines to Category 1 status in April 2014 and the lifting of the ban in July 2013 by the EU on Philippine carriers to mount flights into Europe. This proposed measure seeks to fully address the still perceived deficiencies in the supervision and management of the Philippine civil aviation industry and to strengthen CAAP as the country's designated civil aviation authority. There is a need to pass these amendments in order to sustain and not to derail CAAP's efforts which once again allowed carriers to offer direct flights from the Philippines to Europe and to more destinations in the United States as it continues to work with international aviation bodies to improve and upgrade the status of Philippine aviation.

In view of the foregoing, passage of this bill is earnestly sought.



CESAR V. SARMIENTO

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Introduced by Rep. CESAR V. SARMIENTO

AN ACT
STRENGTHENING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES,
AMENDING FOR THE PURPOSE REPUBLIC ACT 9497, OTHERWISE KNOWN
AS THE CIVIL AVIATION AUTHORITY ACT OF 2008

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

SECTION 1. Section 2 of Republic Act No. 9497, otherwise known as the Civil Aviation Authority Act of 2008 is hereby amended to read as follows:

“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 IN FURTHERANCE OF THE OBLIGATIONS OF THE PHILIPPINES TO THE INTERNATIONAL COMMUNITY AS A CONTRACTING STATE TO THE CHICAGO CONVENTION. THE AUTHORITY SHALL COORDINATE WITH OTHER GOVERNMENT AGENCIES IN ADVANCING AVIATION SECURITY IN THE PHILIPPINES.”

TOWARDS THIS END, THE GOVERNMENT SHALL EXTEND ALL MEANS AND MECHANISMS NECESSARY FOR THE AUTHORITY TO FULFILL ITS VITAL TASK OF PROMOTING AND ENSURING SAFE AND EFFICIENT AIR TRANSPORT.

IN VIEW OF THE CRUCIAL ROLE, AND THE NATURE, POWERS AND FUNCTIONS OF THE AUTHORITY, AS A GOVERNMENT INSTRUMENTALITY WITH CORPORATE POWERS, IT SHALL ENJOY FISCAL AND ADMINISTRATIVE AUTONOMY.”

SECTION 2. Section 4 of the same Act is hereby amended to read as follows:

“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

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TOWARDS THIS END, THE GOVERNMENT SHALL EXTEND ALL MEANS AND MECHANISMS NECESSARY FOR THE AUTHORITY TO FULFILL ITS VITAL TASK OF PROMOTING AND ENSURING SAFE AND EFFICIENT AIR TRANSPORT.

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(CAAP), hereinafter referred to as the "Authority" attached to the Department of Transportation and Communications (DOTC) for the purpose of policy coordination. For this purpose, the existing Air Transportation Office created under the provisions of Republic Act No. 776, as amended, is hereby abolished.

THE AUTHORITY SHALL BE EXEMPTED FROM THE PROVISIONS OF REPUBLIC ACT NO. 10149, OTHERWISE KNOWN AS THE GOCC GOVERNANCE ACT OF 2011 AND FROM THE JURISDICTION OF THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATION.

THE AUTHORITY SHALL HOWEVER BE REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS IN SECTION 25 CHAPTER V OF RA 10149 AND MAY BE SUBJECT TO THE SPECIAL AUDIT ANY TIME UPON THE DIRECTIVE OF THE COMMISSION ON AUDIT AND/OR THE CONGRESSIONAL OVERSIGHT COMMITTEE ON CAAP (COCCAAP) AS HEREIN PROVIDED; PROVIDED THAT NO PERFORMANCE INCENTIVE, BONUS, ANY KIND OF ADDITIONAL BENEFIT NOT PRESCRIBED UNDER THE LAW SHALL BE GRANTED UNLESS THE AUTHORITY HAS FULLY PAID ALL TAXES FOR WHICH IT IS LIABLE.

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(a) APPOINTMENT AND TERM OF OFFICE OF THE Director General - The Authority shall be headed by a Director General of Civil Aviation, referred to in this Act as the "Director General," who UNLESS OTHERWISE PROVIDED BY LAW, SHALL BE RESPONSIBLE FOR ALL NON-ECONOMIC ASPECTS OF civil aviation in the Philippines and the administration of this Act. NOTWITHSTANDING THE PROVISIONS OF REPUBLIC ACT 10149, OTHERWISE KNOWN AS THE GOCC GOVERNANCE ACT OF 2011, [T]he Director General shall be appointed based on the qualifications herein provided and shall have a tenure of office for a period of five (5) years. His appointment may be extended for another non-extendible term of five (5) years and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission. IN CASE THE DIRECTOR GENERAL FAILS TO COMPLETE HIS TERM, HIS SUCCESSOR SHALL ONLY SERVE FOR THE UNEXPIRED PORTION OF THE TERM OF HIS PREDECESSOR. NO DIRECTOR GENERAL CAN SERVE IN OFFICE FOR MORE THAN TEN (10) YEARS.

THE PRESIDENT OF THE PHILIPPINES SHALL APPOINT THE DIRECTOR GENERAL FROM A SHORTLIST OF FOUR (4) NOMINEES PREPARED BY THE BOARD OF DIRECTORS CONSTITUTED AS A SEARCH COMMITTEE WHO SHALL RECEIVE AND EVALUATE NOMINATIONS. NO INCUMBENT DIRECTOR GENERAL SHALL BE A MEMBER OF THE SEARCH COMMITTEE.

UPON EXPIRATION OF THE INCUMBENT DIRECTOR GENERAL'S TERM OR IN CASE OF VACANCY, ALL OF THE MEMBERS OF THE BOARD OF DIRECTORS, SHALL BE CONSTITUTED AS A SEARCH COMMITTEE WHO SHALL RECEIVE AND EVALUATE NOMINATIONS, AND SHALL PREPARE A SHORTLIST OF THREE (3) NOMINEES THEREOF. THE PRESIDENT OF THE PHILIPPINES MAY

OR MAY NOT CHOOSE TO APPOINT THE DIRECTOR GENERAL FROM THE AFOREMENTIONED SHORTLIST. NO INCUMBENT DIRECTOR GENERAL SHALL BE A MEMBER OF THE SEARCH COMMITTEE.

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SECTION 3. Section 5 of the same Act is hereby amended as follows:

Sec. 5. Composition of the Board Members. — The corporate powers of the Authority shall be vested in a board, which is composed of eleven (11) members:

- (a) The Secretary of the Department of Transportation and shall act as chairman ex officio;
- (b) The Director General of Civil Aviation (DGCA) shall automatically be the vice chairman of the Board;
- (c) The Secretary of Finance;
- (d) The Secretary of Foreign Affairs;
- (e) The Secretary of Justice;
- (f) The Secretary of the Interior and Local Government;
- (g) The Secretary of the Department of Labor and Employment;
- (h) THE SECRETARY OF THE DEPARTMENT OF TOURISM (PER SECTION 96 OF REPUBLIC ACT NO. 9593);
- (i) THE SECRETARY OF THE DEPARTMENT OF NATIONAL DEFENSE;
- (j) REPRESENTATIVE FROM THE PRIVATE SECTOR WHO WILL REPRESENT THE AIRLINE INDUSTRY IN THE PHILIPPINES; AND
- (k) REPRESENTATIVE FROM THE PRIVATE SECTOR WHO WILL REPRESENT THE CONSUMERS IN THE PHILIPPINES.

THE DIRECTORS LISTED UNDER SUBSECTION (A) TO (I) SHALL BE *EX OFFICIO* MEMBERS OF THE BOARD OF DIRECTORS: PROVIDED THAT, IN THE ABSENCE OF THE CHAIRMAN, HE SHALL DESIGNATE AN UNDERSECRETARY OF THE DEPARTMENT OF TRANSPORTATION TO ACT IN HIS BEHALF AS CHAIRMAN; PROVIDED FURTHER, THAT THE DIRECTOR GENERAL, IN HIS ABSENCE, SHALL DESIGNATE HIS REPRESENTATIVE FROM THE AUTHORITY TO ACT AS VICE CHAIRMAN. PROVIDED, THAT, IN THE ABSENCE OF THE DIRECTOR APPOINTED IN SUBSECTIONS (C) TO (I), THE DIRECTOR CONCERNED SHALL DESIGNATE WITH FULL POWER AND AUTHORITY, IN WRITING, AN OFFICER IN HIS DEPARTMENT OR OFFICE TO ACT ON HIS OR HER BEHALF AS A DIRECTOR. THE DIRECTORS APPOINTED IN SUBSECTIONS (J) AND (K) CANNOT DESIGNATE A REPRESENTATIVE TO ACT ON HIS OR HER BEHALF DURING ANY FUNCTION OF THE AUTHORITY.

THE MEMBERS FROM THE PRIVATE SECTOR SHALL BE CITIZENS OF THE PHILIPPINES, AT LEAST THIRTY-FIVE YEARS OLD, OF GOOD MORAL CHARACTER, UNQUESTIONABLE INTEGRITY, OF KNOWN PROBITY AND WITH RECOGNIZED COMPETENCE IN THE FIELD OF MANAGEMENT, CIVIL AVIATION, AND RELATED FIELDS.

SECTION 4. Section 9 of the same Act is hereby amended to read as follows:

"SEC. 9. Qualifications of Director General. - No person shall be appointed as the Director General unless he is a Filipino citizen, at least thirty-five (35) years of age, of good moral character, unquestionable integrity, recognized competence and a degree holder with at least FOUR (4) years supervisory or management experience in the field of aviation."

SECTION 5. Section 12 of the same Act is hereby amended to read as follows:

"SEC. 12. Personnel. -THE DIRECTOR GENERAL SHALL EXERCISE APPOINTING AND DISCIPLINING POWERS OVER ALL PERSONNEL OF THE AUTHORITY.

APPOINTMENTS IN THE CAAP, EXCEPT AS TO THOSE WHICH ARE POLICY-DETERMINING, PRIMARILY CONFIDENTIAL OR HIGHLY TECHNICAL IN NATURE, SHALL BE MADE ONLY ACCORDING TO THE CIVIL SERVICE LAW AND REGULATIONS: PROVIDED, THAT NO QUALIFICATION REQUIREMENTS FOR POSITIONS IN THE CAAP SHALL BE IMPOSED OTHER THAN THOSE SET BY THE CAAP BOARD OF DIRECTORS: PROVIDED, FURTHER, THAT, MAJORITY OF THE CAAP BOARD OF DIRECTORS, MAY, WITHOUT NEED OF OBTAINING PRIOR APPROVAL FROM ANY OTHER GOVERNMENT AGENCY, APPOINT PERSONNEL IN THE CAAP WHOSE SERVICES ARE DEEMED NECESSARY IN ORDER NOT TO UNDULY DISRUPT THE OPERATIONS OF CAAP. OFFICERS AND EMPLOYEES OF THE CAAP, INCLUDING ALL MEMBERS OF THE CAAP BOARD, SHALL NOT ENGAGE DIRECTLY OR INDIRECTLY IN PARTISAN ACTIVITIES OR TAKE PART IN ANY ELECTION EXCEPT TO VOTE.

THOSE OFFICIALS, OFFICERS AND PERSONNEL OF CAAP WHOSE FUNCTIONS ARE POLICY-DETERMINING, PRIMARILY CONFIDENTIAL OR HIGHLY TECHNICAL IN NATURE, SHALL BE EXEMPTED FROM THE REQUIREMENTS PRESCRIBED UNDER THE RULES ON THE CLASSIFICATIONS AND QUALIFICATION STANDARDS INCLUDING, BUT NOT LIMITED TO, PRESIDENTIAL DECREE NO. 985, REPUBLIC ACT NO. 6758 AS AMENDED, JOINT RESOLUTION NO. 4 S. 2009 OF THE PHILIPPINE CONGRESS AND REPUBLIC ACT 10149. HOWEVER, ALL OFFICIALS, OFFICERS AND EMPLOYEES OF CAAP SHALL BE SUBJECT TO THE PROVISIONS OF REPUBLIC ACT NO. 6713"

SECTION 6. Section 15 of the same Act is hereby amended to read as follows:

"SECTION 15. Fiscal Autonomy. — The Authority shall enjoy fiscal autonomy. All moneys earned by the Authority from the collection/levy of any and all such fees, charges, dues, assessments and fines it is empowered to collect/levy under this Act shall be used solely to fund the operations of the Authority.

THE AUTHORITY SHALL LIKEWISE BE EXEMPTED FROM THE PROVISIONS OF REPUBLIC ACT NO. 7656 OR THE DIVIDEND LAW. THE INCOME GENERATED BY THE AUTHORITY FROM AIR NAVIGATIONAL CHARGES SHALL BE UTILIZED FOR COMPLIANCE WITH INTERNATIONAL STANDARDS OF SAFETY.

The utilization of any funds coming from the collection and/or levy of the Authority shall be subject to the examination of the COCCAAP. THE COCCAAP MAY REQUIRE THE AUTHORITY TO SUBMIT, FURNISH OR PROVIDE ANY AND ALL DOCUMENTS IN RELATION TO THE UTILIZATION OF FUNDS OF THE AUTHORITY AND ANY OTHER NON-FINANCIAL DOCUMENTS RELATIVE TO THE DUTIES, FUNCTIONS, OPERATIONS OF THE AUTHORITY. SHOULD CAAP FAIL TO TIMELY SUBMIT THE REQUIRED DOCUMENTS TO THE COCCAAP WITHIN FIFTEEN (15) CALENDAR DAYS, THE COCCAAP MAY HOLD THE OFFICIALS OF CAAP ADMINISTRATIVELY LIABLE IN A PROPER ADMINISTRATIVE PROCEEDING AND SHALL BE SUFFICIENT CAUSE FOR REMOVAL OR DISMISSAL OF A PUBLIC OFFICIAL OR EMPLOYEE, EVEN IF NO CRIMINAL PROSECUTION IS INSTITUTED AGAINST HIM.

SECTION 7. Section 18 of the same Act is hereby amended to read as follows:

"SEC. 18. Compensation and Other Emoluments of Authority Personnel. - Within six (6) months from the effectivity of this Act, the Board shall determine the new schedule of salaries of the employees of the Authority subject to the compliance with the existing compensation laws AND REVISE THE SAME FROM TIME TO TIME AS IT MAY DEEM NECESSARY: Provided, That the Board shall determine and fix the compensation, EMOLUMENTS and fringe benefits of employees holding technical, REGULATORY and LEGAL positions. IT SHALL PROVIDE ANNUAL REVIEWS OR INCREASES BASED ON PERFORMANCE AND PRODUCTIVITY BASED ON PRE-DETERMINED GOALS SET BY THE BOARD OF THE AUTHORITY.

SECTION 9. A new section 18-A is hereby inserted in Republic Act 9497, to read as follows:

"SEC. 18-A. MANAGEMENT OFFICIALS AND EMPLOYEES; MERIT SYSTEM – THE BOARD SHALL ESTABLISH A HUMAN RESOURCES MANAGEMENT SYSTEM, WHICH SHALL PROMOTE PROFESSIONALISM AT ALL LEVELS OF THE AUTHORITY IN ACCORDANCE WITH SOUND PRINCIPLES OF MANAGEMENT.

A PROGRESSIVE COMPENSATION STRUCTURE, AS MAY BE DETERMINED BY THE MAJORITY OF THE MEMBERS OF THE CAAP BOARD OF DIRECTORS, BASED ON, AND EQUIVALENT TO THE STANDARDS OF THE AVIATION INDUSTRY, AS PRACTICED AND OBSERVED IN THE INTERNATIONAL AVIATION INDUSTRIES, INCLUDING THE STANDARDS SET BY THE INTERNATIONAL CIVIL AVIATION ORGANIZATION, SHALL BE ADOPTED AS AN INTEGRAL COMPONENT OF THE AUTHORITY'S HUMAN RESOURCES PROGRAM."

SECTION 10. A new section 18-B is hereby inserted in Republic Act 9497, to read as follows:

"SEC. 18-B. COMPENSATION. – ALL RATED AND/OR LICENSED AIRMEN AND SUCH OTHER PERSONS OF THE AUTHORITY WHO MAY BE AUTHORIZED TO UNDERTAKE OR PERFORM REGULAR AND FREQUENT FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, SHALL RECEIVE, UPON APPROVAL OF CAAP, IN ADDITION TO THEIR BASE PAY, AN INCREASE IN COMPENSATION OF AT LEAST FIFTY PERCENTUM (50%) OF THEIR RESPECTIVE BASE PAY; PROVIDED, HOWEVER, THAT THE NUMBER OF HOURS ACTUALLY FLOWN BY SUCH AIRMEN AND AUTHORIZED PERSONNEL SHALL NOT BE LESS THAN FOUR (4) PER MONTH; PROVIDED FURTHER, THAT THE AFOREMENTIONED INCREASE IN COMPENSATION SHALL BE MANDATORY ONLY IN THE FIRST INSTANCE FROM THE EFFECTIVITY OF THE AMENDMENT TO THIS LAW; PROVIDED, FINALLY, THAT FUTURE MANDATORY INCREASES IN THE COMPENSATION OF THE RATED AND/OR LICENSED AIRMEN AND SUCH OTHER PERSONS OF THE AUTHORITY WHO MAY BE AUTHORIZED TO UNDERTAKE OR PERFORM REGULAR AND FREQUENT FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, MAY BE INCREASED BY THE AUTHORITY ONLY IF THE AUTHORITY HAS ITS OWN SUFFICIENT BUDGET FOR THE SAME AND IF IT WILL SERVE THE INTEREST OF THE AVIATION INDUSTRY AS A WHOLE."

SECTION 11. A new section 18-C is hereby inserted in Republic Act 9497, to read as follows:

"SEC. 18-C. EMPLOYMENT OF PERSONS FOR CONFIDENTIAL, HIGHLY TECHNICAL AND POLICY DETERMINING POSITIONS – UPON APPROVAL OF THE MAJORITY OF THE MEMBERS OF THE CAAP BOARD, THE DIRECTOR GENERAL MAY, MAKE APPOINTMENTS TO CONFIDENTIAL, HIGHLY TECHNICAL, AND POLICY DETERMINING POSITIONS AS MAY BE REQUIRED BY THE FUNCTIONS AND RESPONSIBILITIES OF HIS OR HER OFFICE."

SECTION 12. Section 24 of the same Act is hereby amended to read as follows:

"Sec. 24-A. Powers of the Board. The Board shall have the following general powers:

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(d) ANY LAW TO THE CONTRARY NOTWITHSTANDING, ORGANIZE, RE-ORGANIZE, AND determine the organizational structure of the Authority in accordance with the provisions of this Act, establish a human resources management system based on merit and fitness, CREATE, TRANSFER, RE-ALIGN AND ABOLISH OFFICES AND POSITIONS, and adopt a rational compensation and benefits scheme EQUIVALENT TO THE STANDARDS SET BY

THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO);

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(T) APPROVE POLICY ON LOCAL AND FOREIGN TRAVEL, AS LONG AS THE SAME WILL SERVE TO ADVANCE THE INTEREST OF THE STATE OF CIVIL AVIATION IN THE PHILIPPINES, AND THE CORRESPONDING EXPENSES, ALLOWANCES, PER DIEMS OF OFFICERS, EMPLOYEES, AGENTS OF THE AUTHORITY, AS LONG AS THE SAME ARE REASONABLE, NOTWITHSTANDING THE PROVISIONS OF PRESIDENTIAL DECREE NO. 1177, EXECUTIVE ORDER 292, EXECUTIVE ORDER 248, AS AMENDED, EXECUTIVE ORDER 298, AND SIMILAR LAWS;

(U) EXERCISE THE POWER OF EMINENT DOMAIN FOR THE PURPOSE OF THIS ACT IN THE MANNER PROVIDED BY LAW, PARTICULARLY, THE PRE-REQUISITES OF TAKING OF POSSESSION AND THE DETERMINATION AND PAYMENT OF JUST COMPENSATION; AND

(V) THE BOARD MAY PERFORM SUCH ACTS, THROUGH THE DIRECTOR GENERAL OR APPROPRIATE OFFICE, CONDUCT SUCH INVESTIGATION IN THE PERFORMANCE OF ITS QUASI JUDICIAL FUNCTIONS, AS IT SHALL DEEM NECESSARY TO CARRY OUT THE PROVISIONS OF THIS ACT.

IN EXERCISING THE POWERS GRANTED UNDER THIS ACT, THE BOARD SHALL GIVE FULL CONSIDERATION TO THE REQUIREMENTS OF NATIONAL DEFENSE, COMMERCIAL AND GENERAL AVIATION, AND TO THE PUBLIC RIGHT OF TRANSIT THROUGH NAVIGABLE AIRSPACE."

SECTION 13. A new section 24-B is hereby inserted in Republic Act 9497, to read as follows:

"SEC. 24-B. DELEGATION OF POWER – THE BOARD MAY, BY RESOLUTION APPROVED BY A THREE-FOURTHS (3/4) VOTE OF THE BOARD OF DIRECTORS AT A BOARD MEETING, DELEGATE ALL OR ANY OF ITS POWERS TO THE DIRECTOR GENERAL, A MEMBER OF THE BOARD OR A COMMITTEE. THE DELEGATE IS, IN THE EXERCISE OF A DELEGATED POWER, REMAINS SUBJECT TO THE CONTROL AND SUPERVISION OF THE BOARD THE DELEGATION MAY BE REVOKED BY RESOLUTION OF MAJORITY VOTE OF THE BOARD OF DIRECTORS. A DELEGATION CONTINUES IN FORCE IN SPITE OF CHANGES IN THE COMPOSITION OF THE BOARD.

THIS PROVISION SHALL HAVE RETROACTIVE EFFECT INSOFAR AS IT DOES NOT PREJUDICE OR IMPAIR VESTED OR ACQUIRED RIGHTS IN ACCORDANCE WITH EXISTING LAWS."

SECTION 14. Section 25 is hereby amended to read as follows:

SEC. 25. ISSUANCE OF RULES AND REGULATIONS. - THE BOARD, UPON CONSULTATION WITH THE DIRECTOR GENERAL, SHALL ISSUE AND PROVIDE FOR THE ENFORCEMENT OF SUCH ORDERS, RULES AND REGULATIONS AS MAY BE NECESSARY TO GIVE EFFECT TO THE PROVISIONS OF THIS ACT. ALL RULES AND REGULATIONS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT SHALL BE FORMALLY PROMULGATED AND PERIODICALLY REVIEWED AND UPDATED IN ACCORDANCE WITH THE REQUIREMENTS OF THE ADMINISTRATIVE CODE OF THE PHILIPPINES OR ANY AMENDMENT OR SUCCESSOR THERETO AND THE INTERNATIONAL CIVIL AVIATION ORGANIZATION STANDARDS AND RECOMMENDED PRACTICES.

SECTION 15. Section 26 of the same Act is hereby amended to read as follows:

"SEC. 26. Setting of Charges and Fees. - The Board, after consultation with the Director General, and after public hearing, shall determine, fix, impose, collect or receive reasonable charges, fees, dues or assessments in respect of aviation certificates, licenses and all other authorizations or permissions authorized to be issued under this Act and all services performed by the Authority BASED ON THE PRINCIPLE OF COST RECOVERY WHILE AT THE SAME TIME ENSURING THAT THE SAID PRINCIPLE IS APPLIED EQUITABLY IN THAT AERONAUTIC USER SHOULD NOT BE BURDENED WITH COSTS NOT PROPERLY ALLOCABLE TO SAID USER. THE PRINCIPLE OF COST RECOVERY IS A SYSTEM OF FEES, DUES AND OTHER SIMILAR CHARGES ESTABLISHED TO RECOUP SOME OR ALL OF THE COSTS OF THE AUTHORITY IN ITS FUNCTION AS AN OPERATOR AND/OR REGULATOR IN THE CIVIL AVIATION INDUSTRY. All charges and fees shall be formally promulgated in accordance with the requirements of the Administrative Code of the Philippines or any amendment or successor thereto. Pending the promulgation of such new schedule of charges and fees, the current charges and fees of the AUTHORITY shall continue to apply."

SECTION 16. Section 27 of the same act is hereby amended as follows:

SEC. 27. ISSUANCE OF RULES OF PROCEDURE AND PRACTICE. - THE DIRECTOR GENERAL SHALL ISSUE OR AMEND RULES OF PROCEDURES AND PRACTICE BEFORE THE CAAP IN RELATION TO ITS REGULATORY FUNCTION AS MAY BE REQUIRED BY THE PROVISIONS OF THIS ACT OR ISSUE AND ADOPT RULES AND REGULATIONS TO IMPLEMENT THE REGULATORY ISSUANCES OF THE ICAO; PROVIDED THAT SUCH SHALL FIRST BE APPROVED BY MAJORITY VOTE OF THE BOARD BEFORE SUCH RULES, REGULATIONS, AND OTHER REGULATORY ISSUANCES BEFORE THE SAME TAKES EFFECT.

SECTION 17. Section 30 of the same Act is hereby amended to read as follows:

"SEC. 30. Annual Budget. THE AUTHORITY SHALL ADOPT AN ANNUAL BUDGET

TO FUND THE OPERATIONS OF THE AUTHORITY. WHEN DEEMED TO BE NECESSARY FOR THE FURTHERANCE OF PERFORMING ITS FUNCTIONS, WITH PRIOR NOTICE TO THE DEPARTMENT OF TRANSPORTATION AND TO THE PUBLIC, AND UPON THREE-FOURTH (3/4) MAJORITY VOTE OF THE MEMBERS OF THE BOARD OF DIRECTORS PRESENT AT A MEETING CALLED FOR THAT PURPOSE, THE AUTHORITY MAY PREPARE AND ADOPT A SUPPLEMENTARY BUDGET.

SECTION 18. Section 35 of the same Act is hereby amended to read as follows:

"SEC. 35. Powers and Functions of the Director General. - The Director General shall be the chief executive and operating officer of the Authority. He shall have the following powers, duties and responsibilities:

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

AN AIR OPERATOR CERTIFICATE HOLDER MAY OPERATE AND USE FOREIGN REGISTERED AIRCRAFT PROVIDED THAT ITS STATE OF REGISTRATION DELEGATES TO THE DIRECTOR GENERAL THE TECHNICAL AND SAFETY OVERSIGHT FUNCTIONS OVER THE AIRCRAFT AND/OR ITS CREW, AS APPLICABLE.

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(V) SUBMIT FOR THE APPROVAL BY MAJORITY VOTE OF THE BOARD, THE ORGANIZATIONAL STRUCTURE OF THE AUTHORITY IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT, ESTABLISH A HUMAN RESOURCES MANAGEMENT SYSTEM BASED ON MERIT AND FITNESS, AND ADOPT A RATIONAL COMPENSATION AND BENEFITS SCHEME;"

SECTION 19. Section 40 of the Same Act is hereby amended as follows:

"SEC. 40. Creation of Flight Standards Inspectorate Service. - (a) A permanent office known as the Flight Standards Inspectorate Service (FSIS) shall be established to assist the Director General in carrying out the responsibilities of his office for certification and ongoing inspections of aircraft, airmen and air operators.

The FSIS shall perform the following functions:

- (1) Airworthiness inspection;
- (2) Flight operations inspection and evaluation; and

(3) Personnel licensing.”

SECTION 20. Section 73 of the same Act is hereby amended to read as follows:

“SEC. 73. Statutory Lien AND POWER TO DETAIN. - The Director General shall have the power to impose lien on AND DETAIN aircraft and machinery:

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

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

SECTION 21. A new section 84-A is hereby inserted in Republic Act 9497, to read as follows:

“SEC. 84-A. EXECUTION OF MONETARY JUDGMENT. - THE DIRECTOR GENERAL IS AUTHORIZED TO ENFORCE MONETARY JUDGMENTS THROUGH THE SHERIFF WHO SHALL DEMAND THE IMMEDIATE PAYMENT OF THE FULL AMOUNT STATED IN THE WRIT OF EXECUTION TO BE IMPOSED FOR EACH VIOLATION OF THIS ACT.

FOR THIS PURPOSE, THE DIRECTOR GENERAL MAY ISSUE AN ORDER DIRECTING THE SHERIFF TO REQUEST THE ASSISTANCE OF LAW ENFORCEMENT AGENCIES TO ENSURE COMPLIANCE WITH THE WRIT OF EXECUTION, ORDERS OR PROCESSES.”

SECTION 22. Section 91 of the same Act is hereby amended to read as follows:

SECTION 91. Congressional Oversight Committee. — A Congressional Oversight Committee, hereinafter referred to as the “Committee”, is hereby constituted in accordance with the provisions of this Act. The Committee shall be composed of the Chairman of the Senate Committee on Public Services and Chairman of the House Committee on Transportation and four (4) additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The Committee shall, among others, in aid of legislation:

- (a) Monitor and ensure the proper implementation of this Act;
- (b) Review the collection performance of the Authority; and
- (c) Review the proper implementation of the programs of the Authority and the use of its collected fund and budget.

In furtherance of the hereinabove cited objectives, the Committee is empowered to require the Authority to submit all pertinent information including, but not limited to, its collection performance data and its annual audited financial statements certified

by the Commission on Audit. ANY MEMBER OF THE COMMITTEE OR HIS OR HER REPRESENTATIVE IS AUTHORIZED TO SIT AS AN OBSERVER IN ANY OF THE MEETING OR FUNCTION OF THE BOARD. The Congressional Oversight Committee shall be in existence for a period of TWELVE (12) YEARS, and thereafter, its oversight functions shall be exercised by the Senate Committee on Public Services and the House Committee on Transportation acting separately.

SECTION 23 *Repealing Clause* –REPUBLIC ACT 10149 AND REPUBLIC ACT 7656 AND OTHER LAWS, decrees, executive orders, rules and regulations and other issuances or part thereof, which are inconsistent with this Act, are hereby repealed, amended, or modified accordingly.

SECTION 24. *Effectivity* – This Act shall take fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved.