

SEVENTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES

First Regular Session

17 MAY -9 P 6:25

SENATE  
S.B. No. 1442

RECEIVED BY

Introduced by Senator Poe

AN ACT  
**STRENGTHENING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES,  
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9497, OTHERWISE  
KNOWN AS CIVIL AVIATION AUTHORITY ACT OF 2008**

*Explanatory Note*

Republic Act No. 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 instead created the Civil Aviation Authority of the Philippines (CAAP), which is mandated to set comprehensive, clear, and impartial rules for the aviation industry. Under Republic Act No. 9497, the CAAP shall be an independent regulatory body with quasi-judicial and quasi-legislative powers with corporate attributes.

Prior to the passage of Republic Act No. 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 European Union (EU) placed Philippine air carriers on its blacklist, banning any airline from the Philippines from flying to destinations in Europe. These restrictions served as 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 United States or Europe. It is likewise perceived as having a negative impact on tourism and the growth of the Philippines' air transport sector in general.

As of early this year, 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 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.

CAAP was already given positive endorsement by the European Commission when it gave the Philippines the category upgrade. This means that international aviation bodies can now "rely on CAAP's judgment regarding the safety of other airlines for in-country use" by international travellers.

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.

The significant amendments being proposed in this bill include:

- Increasing the term of the Director General (DG) to seven (7) years

Increasing the DG's term of office to seven (7) years - in the CAAP law is consistent with the intent of strengthening CAAP as a regulatory body. The Legislature in enacting the CAAP law is sought to insulate the agency from the constantly changing political climate in the Executive Department. The mandate is to cause the restructuring of the civil aviation system, the promotion, development and regulation of the technical, operational, safety, and aviation security functions," which can hardly be realized under a DG who has no security of tenure and would, constantly find difficulty in instituting reforms attuned to international standards in civil aviation if he is interrupted by factors other than removal for cause.

- Exemption of CAAP from the Salary Standardization Law (SSL)

The proposed exemption from the Salary Standardization Law (SSL) is based the fact that the qualifications and functions performed by CAAP directors, officers, and employees are different from those performed by other "government employees" as distinctly and highly technical in nature.

International Civil Aviation Organization (ICAO) relates that there is an impending global shortage of aviation professionals and aviation safety professionals. Taking the US as

an example, in the next 20 years, there will be a need to add 25,000 new aircrafts to the current 17,000-strong commercial fleet. By 2026, there will be a need for 480,000 new technicians to maintain these aircrafts and over 350,000 pilots to fly them. Between 2005 and 2015, 73% of the American air traffic controller population is eligible for retirement. The underlying problem, simply stated, is that the demand for aviation professionals will exceed supply.

The scenario is the same here in the Philippines. ICAO enumerates factors for the decline and possible shortage to include “wholesale retirements in the current generation of aviation professionals, aviation professions not attractive enough to potential candidates, competition with other industry sectors for skilled employees, training capacity insufficient to meet demand, learning methodologies not responsive to new evolving learning style, accessibility to affordable training, and lack of harmonization of competencies in some aviation disciplines.”

The proposed amendments, likewise, seek to make the aviation industry more attractive to professionals by granting CAAP, as lead authority, with a more flexible and less bureaucratic entry process for workers, officials, and aviation technicians and professionals.

- Enhanced fiscal autonomy

In view of the peculiar character of projects relating to regulatory and aviation safety oversight functions, the amendment pertaining to increased fiscal autonomy is intended to minimize difficulties in securing prompt concurrence of budget allocations and expenditures.

There is a dire need for these amendments. The lingering concern over the issue of the ability of the CAAP to implement safety standards affects the government's tourism targets since CAAP plays a key role in promoting tourism as one of the Philippine economy's growth sectors.

In 2015, tourist arrivals reached an all-time high of 5.36 million. If the upgrade is sustained, then achieving the government's target of luring at least 10 million foreign tourists by 2022 is almost assured. This will certainly make the country more competitive and contribute tremendously in achieving the administration's targets in tourism.

The CAAP is the regulatory body responsible for air safety within Philippine borders. This is why it has to adhere to the requirements and standards set by international aviation authorities and make them feel confident that carriers under its direct supervision that fly into other jurisdictions pose no risk and meet an internationally accepted set of safety and competence standards.

Reforming air transportation is critically important to the Philippines, not so much as it is a determining factor to the full realization of the latter's potential as a tourist and business destination, but more importantly, to provide safe and efficient travel for citizens and visitors in the country.

Guaranteeing the safety and reliability of air transportation in the Philippines should always be of paramount importance. In view of the foregoing, passage of this bill is earnestly sought.

*Grace Poe*  
**GRACE POE**

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

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

3            “SEC. 2. Declaration of Policy. - It is hereby declared the policy of  
4 the State to provide safe and efficient air transport and regulatory  
5 services in the Philippines by providing for the creation of a civil  
6 aviation authority with jurisdiction over the restructuring of the  
7 civil aviation system, the promotion, development and regulation  
8 of the technical, operational, safety, and aviation security functions  
9 under the civil aviation authority **IN FURTHERANCE OF THE**  
10 **OBLIGATIONS OF THE PHILIPPINES TO THE**  
11 **INTERNATIONAL COMMUNITY AS CONTRACTING**  
12 **STATE TO THE CHICAGO CONVENTION. THE**  
13 **AUTHORITY SHALL COORDINATE WITH OTHER**  
14 **GOVERNMENT AGENCIES IN ADVANCING AVIATION**  
15 **SECURITY IN THE PHILIPPINES.**

16            **TOWARDS THIS END, THE GOVERNMENT SHALL**  
17 **EXTEND ALL MEANS AND MECHANISMS NECESSARY**  
18 **FOR THE AUTHORITY TO FULFILL ITS VITAL TASK**

1                   **OF PROMOTING AND ENSURING SAFE AND EFFICIENT**  
2                   **AIR TRANSPORT.**

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

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

9                   “SEC. 4. Creation of the Authority. - There is hereby created an  
10                  independent regulatory body with quasi-judicial and quasi-  
11                  legislative powers and possessing corporate attributes to be known  
12                  as the Civil Aviation Authority of the Philippines (CAAP),  
13                  hereinafter referred to as the "Authority" attached to the  
14                  Department of Transportation (DOTr) **SOLELY** for the purpose of  
15                  policy coordination. For this purpose, the existing Air  
16                  Transportation Office created under the provisions of Republic Act  
17                  No. 776, as amended, is hereby abolished.

18                  **THE AUTHORITY SHALL BE EXEMPTED FROM THE**  
19                  **PROVISIONS OF REPUBLIC ACT NO. 10149,**  
20                  **OTHERWISE KNOWN AS THE GOCC GOVERNANCE**  
21                  **ACT OF 2011 AND FROM THE JURISDICTION OF THE**  
22                  **GOVERNANCE COMMISSION FOR GOVERNMENT-**  
23                  **OWNED OR CONTROLLED CORPORATION;**  
24                  **PROVIDED, HOWEVER, THAT THE AUTHORITY SHALL**  
25                  **BE REQUIRED TO COMPLY WITH THE DISCLOSURE**  
26                  **REQUIREMENTS IN SECTION 25 CHAPTER V OF**  
27                  **REPUBLIC ACT NO. 10149 AND MAY BE SUBJECT TO**  
28                  **THE SPECIAL AUDIT UPON THE DIRECTIVE OF THE**  
29                  **COMMISSION ON AUDIT; PROVIDED, FURTHER, THAT**  
30                  **NO PERFORMANCE INCENTIVE, BONUS, AND ANY**

1                   **KIND OF ADDITIONAL BENEFIT NOT PRESCRIBED**  
2                   **UNDER THE LAW SHALL BE GRANTED UNLESS THE**  
3                   **AUTHORITY HAS FULLY PAID ALL TAXES FOR WHICH**  
4                   **IT IS LIABLE.**

5                   xxx

6                   (a) [ Establishment of Authority Headed by a ] **APPOINTMENT**  
7                   **AND TERM OF OFFICE** Director General - The Authority shall  
8                   be headed by a Director General of Civil Aviation, referred to  
9                   in this Act as the "Director General," who [shall be appointed by  
10                  the President of the Philippines and ] shall be responsible for all  
11                  **NON-ECONOMIC ASPECTS OF** civil aviation in the  
12                  Philippines and the administration of this Act.  
13                  **NOTWITHSTANDING THE PROVISIONS OF REPUBLIC**  
14                  **ACT NO. 10149**, [T]he Director General shall be appointed  
15                  **BY THE PRESIDENT OF THE PHILIPPINES** based on the  
16                  qualifications herein provided and shall have a [ tenure ] **TERM** of  
17                  office for a period of [ four (4) ] **SEVEN (7)** years. His  
18                  appointment may be extended for another non-extendible term of [  
19                  four (4) ] **SEVEN (7)** years and shall only be removed for cause in  
20                  accordance with the rules and regulations prescribed by the Civil  
21                  Service Commission. **IN CASE THE DIRECTOR GENERAL**  
22                  **FAILS TO COMPLETE HIS TERM, HIS SUCCESSOR**  
23                  **SHALL ONLY SERVE FOR THE UNEXPIRED PORTION**  
24                  **OF THE TERM OF HIS PREDECESSOR. NO DIRECTOR**  
25                  **GENERAL CAN SERVE IN OFFICE FOR MORE THAN**  
26                  [eight (8)] **FOURTEEN (14) YEARS.**

27                  **THE PRESIDENT OF THE PHILIPPINES SHALL**  
28                  **APPOINT THE DIRECTOR GENERAL FROM A**  
29                  **SHORTLIST OF THREE NOMINEES PREPARED BY THE**  
30                  **BOARD OF DIRECTORS CONSTITUTED AS A SEARCH**  
31                  **COMMITTEE COMPOSED OF FIVE MEMBERS**

1           **THEREOF WHO SHALL RECEIVE AND EVALUATE**  
2           **NOMINATIONS. NO INCUMBENT DIRECTOR GENERAL**  
3           **SHALL BE A MEMBER OF THE SEARCH COMMITTEE.**

4           xxx”

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

6           “SEC. 5. Composition of the Board Members. — The corporate  
7           powers of the Authority shall be vested in a board, which is  
8           composed of [ seven (7) ] **NINE (9)** members:

- 9           (a) The Secretary of the Department of Transportation and  
10           Communications shall act as chairman *ex officio*;
- 11           (b) The Director General of Civil Aviation (DGCA) shall  
12           automatically be the vice chairman of the Board;
- 13           (c) The Secretary of Finance;
- 14           (d) The Secretary of Foreign Affairs;
- 15           (e) The Secretary of Justice;
- 16           (f) The Secretary of the Interior and Local Government; [ and ]
- 17           (g) The Secretary of the Department of Labor and Employment;
- 18           **(H)THE SECRETARY OF THE DEPARTMENT OF TOURISM**  
19           **(PER SECTION 96 OF REPUBLIC ACT NO. 9593); AND**
- 20           **(I) THE SECRETARY OF THE DEPARTMENT OF**  
21           **NATIONAL DEFENSE.**

22           The Directors listed under subsections (a) to [(g)] **(I)** shall be *ex*  
23           *officio* members of the Board of Directors: **PROVIDED THAT,**  
24           **IN THE ABSENCE OF THE CHAIRMAN, HE SHALL**  
25           **DESIGNATE AN UNDERSECRETARY OF THE DOTC TO**  
26           **ACT IN HIS BEHALF AS CHAIRMAN; PROVIDED**  
27           **FURTHER, THAT THE DIRECTOR GENERAL, IN HIS**  
28           **ABSENCE, SHALL DESIGNATE HIS REPRESENTATIVE**  
29           **FROM THE AUTHORITY TO ACT AS VICE CHAIRMAN:**

1                   Provided, That, in the absence of the Director appointed in  
2                   subsections (c) to [(g)] (I), the Director concerned shall designate  
3                   with full power and authority, in writing, an officer in his  
4                   department or office to act on his **OR HER** behalf as a Director.”

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

6                   “SEC. 9. Qualifications of Director General. - No person shall be  
7                   appointed [ or designated ] as the Director General unless he is a  
8                   Filipino citizen, at least thirty-five (35) years of age, of good moral  
9                   character, unquestionable integrity, recognized competence and a  
10                  degree holder with at least five (5) years supervisory or  
11                  management experience in the field of aviation.”

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

13                  “SEC. 12. Personnel. – [ Qualified existing personnel of the Air  
14                  Transportation Office (ATO) shall be given preference in the  
15                  filling up of plantilla positions created in the Authority, subject to  
16                  existing civil service rules and regulations. ]

17                  **THE DIRECTOR GENERAL SHALL EXERCISE  
18                  APPOINTING AND DISCIPLINING POWERS OVER ALL  
19                  PERSONNEL OF THE AUTHORITY.**

21                  **CONSIDERING THE HIGHLY TECHNICAL CHARACTER  
22                  AND NATURE OF THE FUNCTIONS OF THE  
23                  AUTHORITY, ITS PERSONNEL SHALL BE EXEMPTED  
24                  FROM THE REQUIREMENTS PRESCRIBED UNDER THE  
25                  RULES GOVERNING THE CAREER EXECUTIVE  
26                  SERVICE. ALL LAWS, RULES, AND REGULATIONS,  
27                  GOVERNING POSITIONS, CLASSIFICATIONS AND  
28                  QUALIFICATION STANDARDS INCLUDING, BUT NOT  
29                  LIMITED TO, PRESIDENTIAL DECREEE NO. 985,**

1                   **REPUBLIC ACT NO. 6758, AS AMENDED, JOINT**  
2                   **RESOLUTION NO. 4 (2009 OF THE PHILIPPINE**  
3                   **CONGRESS) AND REPUBLIC ACT NO. 10149.”**

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

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

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

16                  The utilization of any funds coming from the collection and/or levy  
17                  of the Authority shall be subject to the examination of the  
18                  Congressional Oversight Committee (COCAAP). **THE COCAAP**  
19                  **MAY REQUIRE THE AUTHORITY TO SUBMIT, FURNISH**  
20                  **OR PROVIDE ANY AND ALL DOCUMENTS IN**  
21                  **RELATION TO THE UTILIZATION OF FUNDS OF THE**  
22                  **AUTHORITY AND ANY OTHER NON-FINANCIAL**  
23                  **DOCUMENTS RELATIVE TO THE DUTIES, FUNCTIONS,**  
24                  **OPERATIONS OF THE AUTHORITY.”**

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

26                  “SEC. 18. Compensation and Other Emoluments of  
27                  Authority Personnel. - Within six (6) months from the  
28                  effectivity of this Act, the Board shall determine the new

1                   schedule of salaries of the employees of the Authority  
2                   subject to the compliance with       the existing compensation  
3                   laws **AND REVISE THE SAME FROM TIME TO TIME**  
4                   **AS IT MAY DEEM NECESSARY:** Provided, That the Board  
5                   shall determine and fix the compensation, **EMOLUMENTS** and  
6                   fringe benefits of     employees holding technical positions [ that  
7                   are not common to the other agencies of   the government which  
8                   shall be specified in the Implementing Rules and Regulations ].

9                   **IT SHALL PROVIDE ANNUAL REVIEWS OR**  
10                  **INCREASES BASED ON PRODUCTIVITY.”**

11                  **SECTION 8.** A new section 18-A is hereby inserted to read as follows:

12                  “**SEC. 18-A. MANAGEMENT OFFICIALS AND**  
13                  **EMPLOYEES; MERIT SYSTEM – THE BOARD**  
14                  **SHALL ESTABLISH A HUMAN RESOURCES**  
15                  **MANAGEMENT SYSTEM, WHICH SHALL PROMOTE**  
16                  **PROFESSIONALISM AT ALL LEVELS OF THE**  
17                  **AUTHORITY IN ACCORDANCE WITH SOUND**  
18                  **PRINCIPLES OF MANAGEMENT.**

19                  **A PROGRESSIVE COMPENSATION STRUCTURE, BASED**  
20                  **ON, AND EQUIVALENT TO THE STANDARDS OF THE**  
21                  **AVIATION INDUSTRY, AS PRACTICED AND OBSERVED**  
22                  **IN THE INTERNATIONAL AVIATION INDUSTRIES,**  
23                  **INCLUDING THE STANDARDS SET BY THE**  
24                  **INTERNATIONAL CIVIL AVIATION ORGANIZATION,**  
25                  **SHALL BE ADOPTED AS AN INTEGRAL COMPONENT**  
26                  **OF THE AUTHORITY’S HUMAN RESOURCES**  
27                  **PROGRAM.”**

28                  **SECTION 9.** A new section 18-B is hereby inserted to read as follows:

1           “SEC. 18-B. EXTRA COMPENSATION. - ALL RATED  
2 AND/OR LICENSED AIRMEN AND SUCH OTHER  
3 PERSONS OF THE AUTHORITY WHO MAY BE  
4 AUTHORIZED TO UNDERTAKE OR PERFORM  
5 REGULAR AND FREQUENT FLIGHTS IN THE  
6 PERFORMANCE OF THEIR DUTIES, SHALL RECEIVE,  
7 UPON APPROVAL OF THE AUTHORITY, IN ADDITION  
8 TO THEIR BASE PAY, AN INCREASE IN  
9 COMPENSATION OF AT LEAST FIFTY PERCENTUM  
10 (50%) OF THEIR RESPECTIVE BASE PAY; PROVIDED,  
11 HOWEVER, THAT THE NUMBER OF HOURS  
12 ACTUALLY FLOWN BY SUCH AIRMEN AND  
13 AUTHORIZED PERSONNEL SHALL NOT BE LESS THAN  
14 FOUR (4) PER MONTH; PROVIDED, FURTHER, THAT  
15 THE AFOREMENTIONED INCREASE IN  
16 COMPENSATION SHALL BE MANDATORY ONLY IN  
17 THE FIRST INSTANCE FROM THE EFFECTIVITY OF  
18 THIS ACT; PROVIDED, FINALLY, THAT FUTURE  
19 MANDATORY INCREASES IN THE COMPENSATION OF  
20 THE RATED AND/OR LICENSED AIRMEN AND SUCH  
21 OTHER PERSONS OF THE AUTHORITY WHO MAY BE  
22 AUTHORIZED TO UNDERTAKE OR PERFORM  
23 REGULAR AND FREQUENT FLIGHTS IN THE  
24 PERFORMANCE OF THEIR DUTIES, MAY BE  
25 INCREASED BY THE AUTHORITY ONLY IF IT HAS  
26 SUFFICIENT BUDGET FOR THE SAME AND IF IT WILL  
27 SERVE THE INTEREST OF THE AVIATION INDUSTRY  
28 AS A WHOLE.”

29           SECTION 10. A new section 18-C is hereby inserted to read as follows:

30           “SEC. 18-C. EMPLOYMENT OF PERSONS FOR  
31 CONFIDENTIAL, HIGHLY TECHNICAL AND POLICY  
32 DETERMINING POSITIONS - THE DIRECTOR

1                   **GENERAL MAY, MAKE APPOINTMENTS TO**  
2                   **CONFIDENTIAL, HIGHLY TECHNICAL, AND POLICY**  
3                   **DETERMINING POSITIONS AS MAY BE REQUIRED BY**  
4                   **THE FUNCTIONS AND RESPONSIBILITIES OF THE**  
5                   **OFFICE.”**

6                   **SECTION 11.** Section 24 of the same Act is hereby amended to read as follows:

7                   “SEC. 24. Powers of the Board. The Board shall have the  
8                   following general powers:

9                   xxx

10                  (d)       **ANY LAW TO THE CONTRARY**  
11                  **NOTWITHSTANDING, ORGANIZE, RE-ORGANIZE, AND**  
12                  [D]etermine the organizational structure of the Authority in  
13                  accordance with the provisions of this Act, establish a human  
14                  resources management system based on merit and fitness,  
15                  **CREATE, TRANSFER, RE-ALIGN AND ABOLISH**  
16                  **OFFICES AND POSITIONS,** and adopt a rational  
17                  compensation and benefits scheme **EQUIVALENT TO THE**  
18                  **STANDARDS SET BY THE INTERNATIONAL CIVIL**  
19                  **AVIATION ORGANIZATION (ICAO);**

20                  [ (e) Exercise appellate powers on any decisions, findings and  
21                  rulings of the Director General, to issue subpoena ad  
22                  testificandum or subpoena duces tecum requiring the attendance  
23                  and testimony of witnesses in any matter or inquiry pending before  
24                  the Board and require the production of books, papers, contracts,  
25                  agreements and all other documents submitted for purposes of this  
26                  section to be under oath and verified by the person in custody  
27                  thereof as to the truth and correctness of data appearing in such  
28                  books, papers, tariffs, contracts, agreements and all other  
29                  documents;

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

4 XXX

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

Xxx

[ (m) Adopt a system for the registration of aircraft as hereinafter provided; ]

Xxx

1 [ (q) Upon its own initiative or the recommendation of the  
2 Director General or an application of a private person, grant  
3 exemption from the requirements of observing rules or regulations  
4 issued in accordance with this Act: Provided, That said grant of  
5 exemption is not prejudicial to flight safety;

6 (r) Formulate rules and regulations concerning compliance of the  
7 carrier and the public for the safe transport of goods and materials  
8 by air pursuant to international standards or Annexes to the  
9 Chicago Convention; and

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

- 12 (1) Prescribe reasonable regulation requiring that all passengers and all  
13 property intended to be carried in the aircraft cabin in commercial  
14 air transport be screened by weapon-detecting procedure or  
15 facilities employed or operated by employees or agents of the air  
16 operator or foreign air operator prior to boarding the aircraft for  
17 such transportation;
- 18 (2) Prescribe such other reasonable rules and regulations requiring  
19 such parties, methods and procedures as the Director General may  
20 find necessary to protect persons and property aboard aircraft  
21 operating in commercial air transport against acts of criminal  
22 violence and aircraft piracy; and
- 23 (3) To the extent practicable, require uniform procedures for the  
24 inspection, detention, and search of persons and property in  
25 domestic commercial air transport and international commercial air  
26 transport to assure their safety and to assure that they will receive  
27 courteous and efficient treatment by air operators and their agents  
28 and employees. ]

1                   **(Q) APPROVE POLICY ON LOCAL AND FOREIGN**  
2                   **TRAVEL, AND THE CORRESPONDING EXPENSES,**  
3                   **ALLOWANCES, PER DIEMS OF OFFICERS,**  
4                   **EMPLOYEES, AGENTS OF THE AUTHORITY,**  
5                   **NOTWITHSTANDING THE PROVISIONS OF**  
6                   **PRESIDENTIAL DECREE NO. 1177, EXECUTIVE ORDER**  
7                   **292, EXECUTIVE ORDER 248, AS AMENDED,**  
8                   **EXECUTIVE ORDER 298, AND SIMILAR LAWS;**

9  
10                  **(R) EXERCISE THE POWER OF EMINENT DOMAIN FOR**  
11                  **THE PURPOSE OF THIS ACT IN THE MANNER**  
12                  **PROVIDED BY LAW, PARTICULARLY, THE**  
13                  **PREREQUISITES OF TAKING OF POSSESSION AND THE**  
14                  **DETERMINATION AND PAYMENT OF JUST**  
15                  **COMPENSATION; AND**

16  
17                  **(S) THE BOARD MAY PERFORM SUCH ACTS, THRU**  
18                  **THE DIRECTOR GENERAL OR APPROPRIATE**  
19                  **OFFICE, CONDUCT SUCH INVESTIGATION IN THE**  
20                  **PERFORMANCE OF ITS QUASI JUDICIAL FUNCTIONS,**  
21                  **AS IT SHALL DEEM NECESSARY TO CARRY OUT THE**  
22                  **PROVISIONS OF THIS ACT.**

23  
24                  **IN EXERCISING THE POWERS GRANTED UNDER THIS**  
25                  **ACT, THE BOARD SHALL GIVE FULL CONSIDERATION**  
26                  **TO THE REQUIREMENTS OF NATIONAL DEFENSE,**  
27                  **COMMERCIAL AND GENERAL AVIATION, AND TO THE**  
28                  **PUBLIC RIGHT OF TRANSIT THROUGH NAVIGABLE**  
29                  **AIRSPACE.”**

30                  **SECTION 12.** Section 25 is hereby amended to read as follows:

1           “SEC. 25. Issuance of Rules and Regulations. - The [ Board, in  
2 consultation with the ] Director General, shall issue and provide for  
3 the enforcement of such orders, rules and regulations as may be  
4 necessary to give effect to the provisions of this Act. All rules and  
5 regulations issued in accordance with the provisions of this Act shall  
6 be formally promulgated and periodically reviewed and updated in  
7 accordance with the requirements of the Administrative Code of the  
8 Philippines or any amendment or successor thereto and the  
9 International Civil Aviation Organization Standards and  
10 Recommended Practices. [Pending the promulgation of such new  
11 rules and regulations, the current rules and regulations of the ATO  
12 shall continue to apply. ]”

13         **SECTION 13.** Section 26 of the same Act is hereby amended to read as follows:

14           “SEC. 26. Setting of Charges and Fees. - The Board, after  
15 consultation with the Director General, and after public hearing,  
16 shall determine, fix, impose, collect or receive reasonable charges,  
17 fees, dues or assessments in respect of aviation certificates,  
18 licenses and all other authorizations or permissions authorized to  
19 be issued under this Act and all services performed by the  
20 Authority **BASED ON THE PRINCIPLE OF COST**  
**RECOVERY AT AN AGGREGATE LEVEL.** All charges and  
21 fees shall be formally promulgated in accordance with the  
22 requirements of the Administrative Code of the Philippines or any  
23 amendment or successor thereto. Pending the promulgation of such  
24 new schedule of charges and fees, the current charges and fees of  
25 the ATO shall continue to apply.”

27         **SECTION 14.** Section 27 of the same Act is hereby amended to read as follows:

28           “SEC. 27. Issuance of Rules of Procedure and Practice. - The [ Board  
29 may authorize the ] Director General [ to ] shall issue or amend  
30 rules of procedures and practice **BEFORE THE AUTHORITY**  
**IN RELATION TO ITS REGULATORY FUNCTION** as may be

1 required to be issued pursuant to the provisions of this Act or issue  
2 and adopt rules and regulations [ and other ] **TO IMPLEMENT**  
3 **THE REGULATORY** issuances of the ICAO. [ Pending the  
4 promulgation of such new rules of procedures and practice, current  
5 rules of procedures and practices of the ATO shall continue to  
6 apply.]”

7 **SECTION 15.** Section 28 of the same Act is hereby amended to read as follows:

8 “SEC. 28. Appellate [ Powers ] Jurisdiction – [ The Board, on an  
9 appeal properly taken by an interested party from a decision,  
10 judgment or order of the Director General, shall have the power to:

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

14 (b) Confirm, remit, mitigate, increase or compromise, as the case  
15 may be, fines imposed by the Director General pursuant with the  
16 provisions of this Act; and

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

24 In no case that the Director General shall participate in the hearing  
25 and adjudication of an appealed case before the Board where the  
26 subject of appeal is a judgment or decision rendered by his office.  
27 In such case, it requires four (4) concurring votes of the members  
28 of the Board who actively participated in the deliberation of the

1 appealed case before the judgment or decision of the Director  
2 General can be modified or reversed. ]

3 **ALL DECISIONS, RULINGS, RESOLUTIONS OF THE**  
4 **BOARD AND THE DIRECTOR GENERAL ARE**  
5 **APPEALABLE TO THE COURT OF APPEALS.”**

6 **SECTION 16.** Section 35 of the same Act is hereby amended to read as follows:

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

11 XXX

12 **(d) DETERMINE THE ORGANIZATIONAL STRUCTURE**  
13 **OF THE AUTHORITY IN ACCORDANCE WITH THE**  
14 **PROVISIONS OF THIS ACT, ESTABLISH A HUMAN**  
15 **RESOURCES MANAGEMENT SYSTEM BASED ON**  
16 **MERIT AND FITNESS, AND ADOPT A RATIONAL**  
17 **COMPENSATION AND BENEFITS SCHEME; EXERCISE**  
18 **APPELLATE POWERS TO ORDER THE TAKING OF**  
19 **DEPOSITIONS IN ANY PROCEEDING, OR**  
20 **INVESTIGATION, PENDING BEFORE THE BOARD AT**  
21 **ANY STAGE OF SUCH PROCEEDING OR**  
22 **INVESTIGATION;**

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

28 **AN AIR OPERATOR CERTIFICATE HOLDER MAY**

1 OPERATE AND USE FOREIGN-REGISTERED  
2 AIRCRAFTS PROVIDED THAT THE STATE OF  
3 REGISTRATION DELEGATES TO THE DIRECTOR  
4 GENERAL THE TECHNICAL AND SAFETY  
5 OVERSIGHT FUNCTIONS OVER THE AIRCRAFT  
6 AND/OR ITS CREW, AS APPLICABLE PURSUANT TO  
7 ICAO ARTICLE 83BIS, AND SUBJECT TO SUCH RULES  
8 AND REGULATIONS PROMULGATED BY THE  
9 AUTHORITY.

10 (F) PROMULGATE RULES AND REGULATIONS AS MAY  
11 BE NECESSARY IN THE INTEREST OF SAFETY IN AIR  
12 COMMERCE PERTAINING TO THE ISSUANCE OF THE  
13 AIRMAN'S CERTIFICATE INCLUDING THE LICENSING  
14 OF OPERATING AND MECHANICAL PERSONNEL, TYPE  
15 CERTIFICATE FOR AIRCRAFT, AIRCRAFT ENGINES,  
16 PROPELLERS AND APPLIANCES, AIRWORTHINESS  
17 CERTIFICATES, AIR CARRIER OPERATING  
18 CERTIFICATES, AIR AGENCY CERTIFICATES,  
19 NAVIGATION FACILITY AND AERODROME  
20 CERTIFICATES; AIR TRAFFIC ROUTES; RADIO AND  
21 AERONAUTICAL TELECOMMUNICATIONS AND AIR  
22 NAVIGATION AIDS; AIRCRAFT ACCIDENT INQUIRIES;  
23 AERODROMES, BOTH PUBLIC AND PRIVATE-OWNED;  
24 CONSTRUCTION OF OBSTRUCTIONS TO  
25 AERODROMES; HEIGHT OF BUILDINGS; ANTENNAE  
26 AND OTHER EDIFICES; REGISTRATION OF  
27 AIRCRAFTS; SEARCH AND RESCUE; FACILITATION OF  
28 AIR TRANSPORTS; OPERATIONS OF AIRCRAFTS,  
29 BOTH FOR DOMESTIC AND INTERNATIONAL,  
30 INCLUDING SCHEDULED AND NON-SCHEDULED;  
31 METEOROLOGY IN RELATION TO CIVIL AVIATION;  
32 RULES OF THE AIR; AIR TRAFFIC SERVICES; RULES  
33 FOR PREVENTION OF COLLISION OF AIRCRAFTS,

1 IDENTIFICATION OF AIRCRAFT; RULES FOR SAFE  
2 ALTITUDES OF FLIGHT; AND SUCH OTHER RULES  
3 AND REGULATIONS, STANDARDS, GOVERNING  
4 OTHER PRACTICES, METHODS AND/OR PROCEDURES  
5 AS THE DIRECTOR GENERAL MAY FIND NECESSARY  
6 AND APPROPRIATE TO PROVIDE ADEQUATELY FOR  
7 SAFETY REGULARITY AND EFFICIENCY IN AIR  
8 COMMERCE AND AIR NAVIGATION;

9 (v) Adopt a system for the registration of aircraft as hereinafter  
10 provided."

11

12 **SECTION 17.** Section 40 of the same Act is hereby amended to read as follows:

13 "SEC. 40. Creation of Flight Standards Inspectorate Service. - (a) [  
14 The Board, other than the offices it shall create in furtherance of this  
15 Act, shall establish a permanent office known as the Flight Standards  
16 Inspectorate Service (FSIS) that will ] assist the Director General in  
17 carrying out the responsibilities of his office for certification and  
18 ongoing inspections of aircraft, airmen and air operators.

19 The FSIS shall perform the following functions:

- 20 (1) Airworthiness inspection;  
21 (2) Flight operations inspection and evaluation; and  
22 (3) Personnel licensing."

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

27 **SECTION 18.** Section 73 of the same Act is hereby amended to read as follows:

1           “SEC. 73. Statutory Lien **AND POWER TO DETAIN**. - The  
2 Director General[, after complying with the required legal  
3 formalities provided by law,] shall have the power to impose lien  
4 on **AND DETAIN** aircraft and machinery:

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

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

10          **SECTION 19.** A new section 81-B is hereby inserted to read as follows:

11          “SEC. 81.B Notwithstanding Section 81 (b), the penalties provided  
12 under Section 81, paragraph (b), clauses (5), (6), (7), (8),  
13 (9),(10), (11), and (12), may be imposed by a court of competent  
14 jurisdiction after the filing of a proper criminal complaint by an air  
15 operator, airman, or crew member.”

16          **SECTION 20.** A new section 84-A is hereby inserted to read as follows:

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

24          **FOR THIS PURPOSE, THE DIRECTOR GENERAL MAY**  
25 **ISSUE AN ORDER DIRECTING THE SHERIFF TO**  
26 **REQUEST THE ASSISTANCE OF LAW ENFORCEMENT**  
27 **AGENCIES TO ENSURE COMPLIANCE WITH THE WRIT**

## **OF EXECUTION, ORDERS OR PROCESSES."**

**SECTION 21.** Section 91 of the same Act is hereby amended to read as follows:

"SEC. 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 [ five (5) ] TEN (10) YEARS **FROM THE EFFECTIVITY OF THIS ACT**, and thereafter, its oversight functions shall be exercised by the Senate Committee on Public Services and the House Committee on Transportation acting separately.

1           **SECTION 22.** *Transitory Provisions.* – All powers, duties and rights vested by law  
2 and exercised by the authority relating to the planning, development, control, supervision,  
3 construction, maintenance, operation, provision of services and facilities and the efficient  
4 functioning of all domestic and international airports pursuant to R.A. No. 9497, shall remain  
5 with the authority until the airport governing authority tasked to implement these functions is  
6 established not more than one (1) year from the effectivity of this Act.

7           All assets, real and personal properties, contracts, records and documents, funds and  
8 revenues owned by or vested in the authority in relation to the above powers, duties and  
9 rights shall be transferred to the airport governing authority. In the interim, the authority shall  
10 separate the developmental and commercial functions by implementing an organizational  
11 restructuring that will enable and ensure the functional separation within a period of one (1)  
12 year from the effectivity of this Act.

13           **SECTION 23.** *Repealing Clause.* – Republic Act No. 10149 and Republic Act No.  
14 7656 and other laws, decrees, executive orders, rules and regulations and other issuances or  
15 part thereof, which are inconsistent with this Act, are hereby repealed, amended, or modified  
16 accordingly.

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

*Approved,*