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SENATE

SENATE BILL NO. 2168

Prepared jointly by the Committees on Government Corporations and Public Enterprises, Public Services; Ways and Means; and Finance with Senators Zubiri, Poe, Angara, Legarda and Gordon as authors thereof

AN ACT

**CREATING THE DAVAO INTERNATIONAL AIRPORT AUTHORITY,
TRANSFERRING EXISTING ASSETS OF FRANCISCO BANGOY
INTERNATIONAL AIRPORT TO THE AUTHORITY, VESTING THE AUTHORITY
WITH POWER TO ADMINISTER AND OPERATE THE FRANCISCO BANGOY
INTERNATIONAL AIRPORT AND APPROPRIATING FUNDS THEREFOR**

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

1 **SECTION 1.** *Short Title.* - This Act shall be known and cited as the "Charter
2 of the Davao International Airport Authority."

3 **SEC. 2.** *Creation of the Davao International Airport Authority.* - There is
4 hereby established a body corporate to be known as the Davao International Airport
5 Authority, hereinafter referred to as "Authority", which shall be attached to the
6 Department of Transportation (DOTr). The principal office of the Authority shall be
7 located at the Francisco Bangoy International Airport in Davao City.

8 The Authority may have such branches, agencies or subsidiaries as it may
9 deem proper and necessary.

10 **SEC. 3.** *Objectives.* - The Authority shall principally undertake the
11 economical, efficient and effective control, management and supervision of the

1 Francisco Bangoy International Airport in Davao City and such other airports as may
2 be established in any of the provinces of Davao del Sur, Davao del Norte, Davao
3 Oriental, Davao Occidental and Campostela Valley.

4 In addition, the Authority shall have the following objectives:

5 a) Encourage, promote and develop international and domestic air traffic in
6 Davao Region as a means of making the region a center of international trade and
7 tourism, and accelerating the development of the means of transportation and
8 communications in the country; and

9 b) Upgrade the services and facilities of the Francisco Bangoy International
10 Airport and formulate internationally acceptable standards of airport accommodation
11 and service.

12 **SEC. 4. Duties and Functions.** - The Authority shall exercise the following
13 duties and functions:

14 a) Formulate a comprehensive and integrated development policy and
15 program for the Francisco Bangoy International Airport and implement, review and
16 update such policy and program periodically;

17 b) Control, supervise, construct, maintain, operate and provide such facilities
18 or services as shall be necessary for the efficient functioning of the Francisco Bangoy
19 International Airport compliant with ICAO standards;

20 c) Promulgate rules and regulations governing the planning, development,
21 maintenance, operation and improvement of the Francisco Bangoy International
22 Airport, and control and supervise the construction of any structure or the rendition
23 of any service within the Francisco Bangoy International Airport;

1 d) Exercise all the powers of a corporation under Batas Pambansa Big. 68,
2 otherwise known as the "*Corporation Code of the Philippines*" insofar as those
3 powers are not inconsistent with the provisions of this Act;

4 e) Acquire, purchase, own, administer, lease, mortgage, sell or otherwise
5 dispose of any land, building, airport facility, or property of whatever kind and
6 nature, whether movable or immovable, or any interest therein: Provided, That any
7 asset located in the Francisco Bangoy International Airport important to national
8 security shall not be subject to alienation or mortgage by the Authority nor to
9 transfer to any entity other than the National Government;

10 f) Exercise the power of eminent domain in the pursuit of its purposes and
11 objectives;

12 g) Levy and collect dues, charges, fees or assessments for the use of airport
13 premises, works, appliances, facilities or concessions, or for any service provided by
14 the Authority;

15 h) Retain and appropriate dues, fees, and charges collected by the Authority
16 relative to the use of airport premises for such measures as may be necessary to
17 make the Authority more effective and efficient in the discharge of its assigned
18 tasks;

19 i) Invest its idle funds, as it may deem proper, in government securities and
20 other evidences of indebtedness; and

21 j) Provide services, whether on its own or otherwise, within the Francisco
22 Bangoy International Airport and the approaches thereof as may be necessary or in
23 connection with the maintenance and operation of the Francisco Bangoy
24 International Airport and their respective facilities.

1 **SEC. 5. Police Authority.** - The Authority shall have the power to exercise
2 such police authority as may be necessary within its premises or areas of operation
3 to carry out its functions and attain its purposes and objectives: *Provided*, That the
4 Authority may request the assistance of law enforcement agencies, including request
5 for deputization as may be required. Such police authority shall be exercised in
6 connection with the following, among others:

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

9 (b) Regulation of the entry to, exits from and movement within the airports;

10 (c) Maintenance of peace and order within the premises of the Francisco
11 Bangoy International Airport;

12 (d) Regulation and supervision of private security agencies operating in the
13 Francisco Bangoy International Airport;

14 (e) Enforcement of rules and regulations promulgated by the Authority
15 pursuant to law; and

16 (f) In case of emergencies or imminent danger involving national security
17 within the airport premises, the Philippine Air Force Security Command shall take
18 charge.

19 **SEC. 6. Board of Directors.** - The corporate powers of the Authority shall be
20 exercised by and vested in the Board of Directors which shall be composed of a
21 Chairman, a Vice-Chairman and eleven (11) members. The Secretary of
22 Transportation (DOTr) and the General Manager of the Authority shall be the *ex
23 officio* Chairman and Vice-Chairman of the Board, respectively.

1 The Director General or the duly appointed representative of the Civil Aviation
2 Authority of the Philippines ("CAAP") and the Secretaries of the following executive
3 departments or any Undersecretary or Assistant Secretary designated by the
4 respective Secretaries shall be *ex officio* members, to wit: Department of Finance,
5 Department of Justice, Department of Health, Department of Agriculture and
6 Department of Tourism. In addition, five (5) members from the private sector who
7 are residents of the provinces and cities of the Davao Region shall be appointed by
8 the President of the Philippines for a term of one (1) year, subject to the existing
9 rules and regulations of the Governance Commission on Government-Owned and
10 Controlled Organization ("GCG"). The governors of Davao del Sur, Davao del Norte,
11 Davao Oriental, Davao Occidental and Campostela Valley shall submit to GCG lists of
12 candidates who are of known probity, competence and integrity on airport
13 management, aviation, finance, business, law and other related fields to represent
14 their respective provinces in the Board. The GCG after examining the list following
15 the fit and proper rule and the standards on integrity, experience, education,
16 training and competence shall recommend to the President a list of four qualified
17 candidates from each province and city, one candidate from each of these lists shall
18 be appointed by the President of the Philippines as the authorized representative of
19 their respective provinces in the Board.

20 The Board shall promulgate its rules relative to meetings, quorum
21 requirements and compensation or allowances of the members of the Board.

22 **SEC. 7. Functions of the Board.** - The Board shall exercise the following
23 functions:

1 a) Define and approve the programs, plans, policies, procedures and
2 guidelines of the Authority for the development and operation of the Francisco
3 Bangoy International Airport;

4 b) Appoint the General Manager of the Authority who shall be the chief
5 executive officer of the Authority;

6 c) Approve the Authority's organizational and administrative structure, staffing
7 pattern, operating and capital expenditures, and financial budgets, upon
8 recommendation of the General Manager, subject to the final approval of the GCG;

9 d) Approve salary ranges, benefits and other terms and conditions of service
10 for all officers and employees of the Authority, upon recommendation of the GCG,
11 which shall, as far as possible, be competitive with those offered in the private
12 sector, subject to the approval of the President.

13 [e) Fix the rate of dues, charges, fees, or assessments for the use of airport
14 premises, works, appliances, facilities, concessions, services and other fees and
15 charges related to the activities of the airports, upon recommendation of the General
16 Manager; and

17 f) Exercise all the functions and powers necessary or incidental to attain the
18 purposes and objectives of this Act.

19 **SEC. 8. Duties of the General Manager.** - The General Manager shall be
20 directly responsible to the Board and exercise the following duties:

21 a) Direct and supervise the day-to-day management, operation and
22 administration of the Francisco Bangoy International Airport;

23 b) Implement and enforce decisions, orders, rules and regulations issued,
24 prescribed or adopted by the Board;

- 1 c) Undertake researches, studies, investigations and other activities related to
2 the present operations and future improvement of the Francisco Bangoy
3 International Airport, and submit comprehensive reports and appropriate
4 recommendations to the Board for proper action;
- 5 d) Appoint, transfer, suspend, remove or otherwise discipline any subordinate
6 officer or employee of the Authority, subject to the approval of the Board and in
7 accordance with the existing rules and regulations of the Civil Service Commission;
- 8 e) Within the limits of the authority delegated to him by the Board, execute
9 contracts, incur obligations, acquire and dispose of assets, and deliver documents on
10 behalf of the Authority;
- 11 f) Grant permits or concessions to do business within the airports in
12 accordance with such rules and regulations to be promulgated by the Authority for
13 the purpose; and
- 14 g) Perform such other duties as the Board may delegate or assign, and such
15 acts as may be necessary and proper to implement this Act.

16 **SEC. 9. Authorized Capital.** - The Authority shall have an authorized capital
17 stock equal to:

- 18 a) The value of fixed assets, including airport facilities, runways and
19 equipment and such other properties, movable and immovable, currently
20 administered by or belonging to the Francisco Bangoy International Airport, as
21 valued on the date of the effectivity of this Act;
- 22 b) The value of such real estate owned or administered by the Francisco
23 Bangoy International Airport; and

1 c) Government contribution in such amount as may be deemed an
2 appropriate initial balance. Such initial amount, as approved by the President of the
3 Philippines, which shall be more or less equivalent to six (6) months working capital
4 requirement of the Authority, is hereby authorized to be appropriated in the annual
5 General Appropriations Act of the year following the effectivity of this Act.
6 Thereafter, the government contribution to the capital of the Authority shall be
7 provided for in the annual General Appropriations Act.

8 **SEC. 10.** *Resident Auditor.* - The Commission on Audit shall appoint a
9 representative who shall be the auditor of the Authority, together with the necessary
10 personnel to assist said representative in the performance of his duties. The number
11 and salaries of the auditor and said personnel shall be determined by the chairman
12 of the Commission on Audit, subject to the rules and regulations of the Commission
13 on Audit.

14 The auditor shall as soon as practicable, but not later than three (3) months
15 after the accounts have been submitted for audit, send an annual report to the
16 Board. The auditor may also submit such periodic or special reports as the Board
17 may deem necessary.

18 **SEC. 11.** *Annual Report.* - An annual report of the activities and operations of
19 the Authority, together with the audit report shall be submitted by the Board to the
20 President of the Philippines and both Houses of Congress of the Philippines through
21 the Department of Transportation and Communications and through posting of the
22 said report in a website made for the DIAA.

1 **SEC. 12.** *Applicability of Civil Service Laws.* - The Authority and its officials
2 and employees shall be subject to the existing civil service laws and its rules and
3 regulations.

4 **SEC. 13.** *Borrowing Power.* - The Authority may, in accordance with Section
5 21, Article XII of the Constitution and other existing laws, rules and regulations on
6 local or foreign borrowing, raise funds, either from local or international sources, by
7 way of loans, credit or securities, and other financing instruments with the power to
8 create pledges, mortgages and other voluntary liens or encumbrances on any of its
9 assets or properties, subject to the prior approval of the President of the Philippines.

10 All loans contracted by the Authority under this section, together with all
11 interests and other sums payable in respect thereof, shall constitute a charge upon
12 all the revenues and assets of the Authority and shall rank equally with one another,
13 but shall have priority over any other claim or charge on the revenue and assets of
14 the Authority: *Provided*, That this provision shall not be construed as a prohibition or
15 restriction on the power of the Authority to create pledges, mortgages and other
16 voluntary liens or encumbrances on any asset or property of the Authority. The
17 payment of the loans or other indebtedness of the Authority may be guaranteed by
18 the National Government subject to the approval of the President of the Philippines.

19 **SEC. 14.** *Tax Exemptions.* - The Authority shall be exempt from taxes
20 imposed by the National Government or any of its political subdivisions, agencies
21 and instrumentalities for the first ten (10) years of its operations: *Provided*, That no
22 tax exemption herein granted shall extend to any subsidiary which may be organized
23 by the Authority

1 ***SEC. 15. Transfer of Existing Facilities and Intangible Assets.*** - All existing

2 public airport facilities, runways, lands, buildings and other properties, movable or
3 immovable, belonging to or presently administered by the Francisco Bangoy
4 International Airport, and all assets, powers, rights, interests and privileges relating
5 to airport works or air operations, including all equipment which are necessary for
6 the operation of air navigation, aerodrome control towers, crash, fire, and rescue
7 facilities are hereby transferred to the Authority: Provided, however, That the
8 operational control of all equipment necessary for the operation of radio aids to air
9 navigation, airways communication, the approach control office, and the area control
10 center shall be retained by the Civil Aviation Authority of the Philippines. No
11 equipment, however, shall be removed by the Civil Aviation Authority of the
12 Philippines from Francisco Bangoy International Airport without the concurrence of
13 the Authority. The Authority shall be responsible for the maintenance and repair of
14 all airport assets and equipment transferred to the Authority by this Act.

15 ***SEC. 16. Projects in Progress.*** - All on-going projects relating to the

16 construction of Francisco Bangoy International Airport facilities and supply of
17 equipment shall be administered and undertaken by the Authority.

18 ***SEC. 17. Transfer of Liabilities and Debts.*** - Upon the transfer to and

19 acceptance by the Authority of the existing physical facilities, intangible assets and
20 completed projects referred to in the preceding sections, all debts, liabilities, and
21 obligations of government agencies or entities concerned in respect of such physical
22 facilities, tangible assets and completed projects within the Francisco Bangoy
23 International Airport shall likewise be assumed by the Authority.

1 **SEC. 18.** *Transitory Provision.* - The General Manager of the Francisco
2 Bangoy International Airport shall continue in office and shall perform all powers and
3 functions of the Authority until such time as the General Manager is appointed in
4 accordance with the provisions of this Act. Officials and employees whose services
5 are terminated shall, if not eligible for retirement, be given gratuities equivalent to
6 one (1) month salary for every year of continuous satisfactory service on the basis of
7 the highest salary received in addition to other benefits accorded to them by existing
8 laws.

9 **SEC. 19.** *Repealing Clause.* - All laws, executive orders, letters of instruction,
10 rules and regulations, or provisions thereof which are inconsistent with the
11 provisions of this Act are hereby repealed, amended or modified accordingly.

12 **SEC. 20.** *Separability Clause.* - If any provision or part of this Act is declared
13 invalid or unconstitutional, such parts or provisions not affected thereby shall remain
14 in full force and effect.

15 **SEC. 21.** *Effectivity.* - This Act shall take effect fifteen (15) days after its
16 publication in the Official Gazette or in a newspaper of general circulation.

17 Approved,