



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2234

Introduced by **REPRESENTATIVE CHRISTOPHERSON “COCO” M. YAP**

EXPLANATORY NOTE

This bill seeks to create the Philippine Airports Corporation, a government agency that will exercise exclusive power and authority to create and manage airports, expand existing ones, and provide airport facilities that are safe and convenient for air travelers, among others, powers that are currently being held by the Civil Aviation Authority of the Philippines (CAAP) in addition to its critical civil air regulatory functions.

The proposal is consistent with recommendations to rationalize governance by separating the developmental powers of agencies from their regulatory functions, thereby preventing potential conflict between the need to develop government assets and the need to ensure that government services are in accord with national laws, rules and regulations and international standards and the expectations of its citizens. Considering the importance of aviation in moving goods and people throughout the Philippine archipelago, it is necessary to put in place a policy framework that will ensure clear direction and harmony in the air transport industry.

Today, as the country is slowly inching forward to recovery, the tourism sector is already asking for plans and programs to revive the momentum of the tourism industry prior to the country's "closure" during the pandemic. Potential investors and players in the transport, construction, minerals and agricultural processing, industry, and manufacturing sectors are also targeting areas outside Metro Manila and other highly urbanized cities that are ideal for the establishment of plants, warehouses, and trading centers, with convenient access to efficient and reliable air and sea transportation facilities.

The idea behind this proposal was planted in the 17th Congress by Rep. Johnny Ty Pimentel and then Speaker Pantaleon Alvarez and other House leaders. During the 18th Congress, Reps. Eric L. Olivarez and Carmelo Lazatin filed their own versions, while Rep. Pimentel and the group of former Speaker Alvarez also re-filed their previous proposals.

In view of the need to rationalize development in the aviation sector in anticipation of increased air traffic in the coming years, approval of this bill is earnestly being sought.



CHRISTOPHERSON "COCO" M. YAP
Representative, 2nd District of Southern Leyte



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AN ACT
CREATING THE PHILIPPINE AIRPORTS CORPORATION,
DEFINING ITS POWERS AND FUNCTIONS,
AND PROVIDING 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 as the “Philippine Airports
2 Corporation (PAC) Act”.

3 **SEC. 2. *Definition of Terms.*** – For purposes of this Act, the following terms
4 shall mean:

- 5 (a) ***Airport*** shall refer to a defined area on land or water including buildings,
6 runways, installations, facilities, and equipment intended to be used
7 wholly or in part for the arrival, departure, or surface movement of an
8 aircraft, with provision for passengers to wait in comfortably and safely.
9 When used in this Act, it shall include all domestic and international
10 airports in the country;

11 (b) *Corporation* shall refer to the Philippine Airports Corporation created in
12 Section 3 hereof;

13 (c) *Board* shall refer to the Board of Directors of the Philippine Airports
14 Corporation;

15 **SEC. 3. *Creation of the Philippine Airports Corporation.*** – There is hereby
16 established a body corporate to be known as the Philippine Airports Corporation,
17 which shall be attached to the Department of Transportation (DOTr) for policy
18 coordination.

19 **SEC. 4. *Purposes and Objectives.*** – The Corporation shall have the following
20 purposes and objectives:

21 (a) To promote domestic and international air traffic in the Philippines as a
22 means of accelerating the development of aviation as a mode of
23 transportation as well as making the country a center for international
24 trade and preferred destination for manufacturing and tourism;

25 (b) To formulate and adopt internationally acceptable standards of airport
26 accommodation and service in all domestic and international airport
27 terminals in the country; and

28 (c) To upgrade and provide safe, efficient, and reliable airport facilities for
29 domestic and international air travel.

30 **SEC. 5. *Functions and Powers of the Corporation.*** – The Corporation shall
31 have the following functions and powers:

32 (a) To formulate a comprehensive and integrated policy and program for all
33 domestic and international airport terminals in the country, and to
34 implement, review, and update such policy and program periodically;

35 (b) To control, supervise, construct, maintain, operate, and provide such
36 facilities and services as shall be necessary for the safe and efficient
37 functioning of all domestic and international airport terminals in the
38 country;

39 (c) To promulgate rules and regulations governing the planning, development,
40 maintenance, operation, and improvement of domestic and international
41 airport terminals in the country and to control or supervise the

- 42 construction of any structure or the rendition of any service within all
43 domestic and international airport terminals;
- 44 (d) To sue and be sued in its corporate name;
- 45 (e) To adopt and use a corporate seal;
- 46 (f) To succeed in its corporate name;
- 47 (g) To adopt its by-laws and to amend or repeal the same from time to time;
- 48 (h) To execute or enter into contracts of any kind or nature;
- 49 (i) To acquire, purchase, own, administer, lease, mortgage, sell or otherwise
50 dispose of any land, building, airport facility or property of whatever kind
51 and nature, whether movable or immovable or any interest therein;
- 52 (j) To exercise the power of eminent domain in the pursuit of its purposes and
53 objectives;
- 54 (k) To levy, and collect dues, charges, fees or assessments for the use of the
55 airport premises, works, appliances, facilities or concessions or for any
56 service provided by it, subject to the approval of the Secretary of Finance;
- 57 (l) To invest its idle funds, as it may deem proper, in government securities;
- 58 (m) To provide services, whether on its own or otherwise, within the airports
59 and the approaches thereof, such as:
- 60 (1) Movement of aircraft and allocation of aircraft parking areas on the
61 ground,
- 62 (2) Loading or unloading of aircraft;
- 63 (3) Passenger handling and other services directed towards the care,
64 convenience and security of passengers, visitors, and other airport
65 users; and
- 66 (4) Sorting, weighing, measuring, warehousing, or handling of baggage
67 and goods.
- 68 (n) To prescribe and revise minimum safety standards for the operation of
69 airport facilities in the Philippines;
- 70 (o) To perform such other acts and transact such other business, directly or
71 indirectly as may be necessary, incidental or conducive, to the attainment
72 of its purposes and objectives, including the adoption of necessary
73 measures to remedy congestion in the airports; and

74 (p) To exercise all the powers under the Corporation Code, insofar as these
75 are not inconsistent with the provisions of this Act.

76 **SEC. 6. *Police Authority.*** – The Corporation shall have the power to exercise
77 such police authority, as may be necessary within its premises, to carry out its
78 functions and attain its purposes and objectives. The grant of such powers shall be
79 without prejudice to the exercise of functions within the same premises by other
80 concerned government agencies as provided for by law: *Provided*, That the
81 Corporation may seek the assistance of law enforcement agencies, including requests
82 for deputation as may be required. Such police authority shall be exercised in
83 connection with the following:

- 84 (a) Maintenance of security to passengers, cargoes, aircraft, airport
85 equipment, structures, facilities, personnel, funds, and documents;
- 86 (b) Regulating the entry to, exit from, and movement within the airports;
- 87 (c) Maintenance of peace and order within the premises of the airports in
88 coordination with local police authorities and other authorized peace-
89 keeping entities within the airports;
- 90 (d) Regulation and supervision of private security agencies operating within
91 the airports; and
- 92 (e) Enforcement of rules and regulations promulgated by the Corporation
93 pursuant to law.

94 **SEC. 7. *Board of Directors.*** – The corporate powers of the Corporation shall
95 be exercised by and vested in the Board composed of nine (9) members, as follows:

- 96 (a) Secretary of the DOTr, as Chairperson;
- 97 (b) General Manager of the Corporation, as Vice-Chairperson;
- 98 (c) An Undersecretary of the Department of Finance (DOF);
- 99 (d) An Undersecretary of the Department of Tourism;
- 100 (e) Director General of the Civil Aviation Authority of the Philippines
101 (CAAP); and
- 102 (f) Four (4) representatives from the private sector.

103 The selection, nomination, appointment, removal, and the term of office of the
104 private sector representatives shall be in accordance with the provisions of Chapter

105 IV of Republic Act No. 10149, otherwise known as the “GOCC Governance Act of
106 2011”.

107 The Board shall meet at least once a month or as often as the exigencies of the
108 service demand. The presence of at least five (5) members shall constitute a quorum,
109 and the vote of a majority of the members present, there being a quorum, shall be
110 necessary for the adoption of any rule, regulation, resolution, decision, or any other
111 act of the Board.

112 The members of the Board shall receive per diems for every meeting actually
113 attended: *Provided*, That such per diem shall conform with existing guidelines of the
114 Commission on Audit (COA). The members of the Board shall be reimbursed by the
115 Corporation for actual expenses including traveling and subsistence expenses
116 incurred by them in the performance of their duties.

117 **SEC. 8. *Functions and Powers of the Board.*** – The Board shall have the
118 following functions, powers, and duties;

119 (a) To define and approve the programs, plans, policies, procedures, and
120 guidelines of the Corporation for the development and operation of the
121 airports within the context of the overall government objectives, and the
122 management, operation, and administration of the Corporation;

123 (b) To approve the Corporation’s organizational and administrative structure,
124 staffing pattern, operating and capital expenditures and financial budgets
125 prepared in accordance with its corporate plan and upon the
126 recommendation of the General Manager;

127 (c) To appoint the General Manager of the Corporation; and

128 (d) To perform all functions, exercise all other powers, and fulfill all duties
129 provided for under the Corporation Code, insofar as they are not
130 inconsistent with the provisions of this Act.

131 **SEC. 9. *General Manager.*** – The Corporation shall be headed by a General
132 Manager who shall act as its Chief Executive Officer and shall exercise the following
133 powers and duties:

134 (a) To direct and supervise the management, operation, and administration
135 of the Corporation and its integral units including its buildings, runways,
136 facilities, and equipment, so as to provide international standards of service

- 137 to airport users and to ensure its financial stability in accordance with the
138 programs, plans, policies, procedures, and guidelines promulgated by the
139 Board;
- 140 (b) To provide general supervision and overall coordination of all government
141 agencies operating in the airports with respect to the allocation and use of
142 building space and airport premises;
- 143 (c) To undertake researches, studies, investigations, and other activities related
144 to the present operations and future development requirements of the
145 airports, *motu proprio* or upon instruction of the Board, and to submit
146 comprehensive reports and appropriate recommendations to the Board for
147 its information and action;
- 148 (d) To appoint, transfer, suspend, remove, or otherwise discipline any
149 subordinate officer or employee of the Corporation, subject to the
150 approval of the Board, and to engage, either on contractual basis or other
151 suitable arrangements, the services of highly qualified professionals,
152 experts, technical advisers, or consulting firms and to determine their
153 compensation or fees including other terms and conditions of employment
154 as may be authorized by the Board;
- 155 (e) To enter into a memorandum of agreement or understanding contracts or
156 such other arrangements as may be feasible with such government agencies
157 or private entities operating or providing services to the Corporation to
158 ensure proper coordination and integration of all activities in the
159 Corporation, subject to the approval of the Board or such laws, rules and
160 regulations as are applicable in the exercise of such authority;
- 161 (f) To establish and maintain, in coordination with the appropriate
162 government offices and agencies, a system for the regular and prompt
163 dissemination of financial, statistical, and other relevant data within the
164 Corporation and to the Board;
- 165 (g) Within the limits of the authority delegated by the Board, to execute
166 contracts, incur obligations, acquire and dispose of assets, and deliver
167 documents on behalf of the Corporation;

- 168 (h) To implement and enforce decisions, orders, rules and regulations issued,
169 prescribed, or adopted by the Board; and
170 (i) To perform such other duties as the Board may delegate or assign and such
171 acts as may be necessary for the proper implementation this Act.

172 **SEC. 10. *New Airports.*** – The Board shall be responsible for the planning,
173 development, construction, operation, maintenance and the expansion of airports.
174 In planning and development of new airports, the Board shall consider:

- 175 (a) The suitability of a proposed site in terms of terrain and proximity to
176 population centers;
177 (b) The projected size of the market to be served by a proposed airport;
178 (c) The ability of a proposed airport to generate sufficient revenue to cover
179 costs of operation and maintenance;
180 (d) The availability of funding from both local and foreign sources for the
181 construction of a new airport or expansion of an existing one;
182 (e) The proximity of other airports to a proposed new airport and the
183 capability of such other airport to handle traffic projected to be generated
184 by the proposed new airport;
185 (f) The government’s public service obligations such as the government’s duty
186 to ensure the availability of air transport infrastructure for remote areas
187 far from major population centers that are not otherwise easily accessible
188 by transportation by land or sea;
189 (g) International Civil Aviation Organization’s (ICAO) best practices and
190 recommendations concerning the development of airports; and
191 (h) Such other considerations as the Board, in the exercise of its reasonable
192 discretion, may consider relevant or important.

193 **SEC. 11. *Airport Operation Certification.*** – Any person desiring to operate a
194 private airport or air navigation facility may file with the Corporation an application
195 for an Airport Operating Certificate (AOC). If the Corporation finds after
196 investigation and public hearing that the applicant is properly and adequately
197 equipped and able to conduct a safe operation in accordance with the requirements
198 of this Act and the rules and regulations and standards prescribed herein, the
199 Corporation shall issue an AOC to the applicant.

200 Each AOC shall prescribe such terms, conditions, and limitations as are
201 reasonably necessary to assure safety in air transport. Unless the Corporation
202 determines that it would be contrary to public interest, such terms, conditions and
203 limitations shall include:

204 (a) The operation and maintenance of adequate safety equipment, including
205 firefighting and rescue equipment capable of rapid access to any portion of
206 the airport used for landing, take-off or surface maneuvering of aircraft;
207 and

208 (b) The condition and maintenance of primary and secondary runways.

209 For this purpose, the Corporation shall inspect, classify, and rate any air navigation
210 facilities and airports available for the aircraft as to the suitability of such use.

211 **SEC. 12. *Capital.*** – The Corporation shall have a capital equal to and
212 consisting of:

213 a. The value of fixed assets including airport facilities, runways and
214 equipment and such other properties, movable and immovable, which may
215 be contributed by the National Government or transferred by it from any
216 of its agencies the valuation of which shall be determined jointly by the
217 Department of Budget and Management (DBM) and the COA on the date
218 of such contribution or transfer after making due allowances for
219 depreciation and other deductions and liabilities of the Corporation at the
220 time of the takeover of the assets and other properties;

221 b. The unexpected balances of appropriations in the current General
222 Appropriations Act, and other laws in force upon approval hereof,
223 pertaining to, held or used by, or available to the entities abolished or whose
224 powers, duties and responsibilities have been transferred to the Corporation
225 under this Act, including concerned government agencies;

226 c. Any surplus income that may be derived from or shall accrue to the
227 Corporation upon its organization and its assumption of the assets and
228 liabilities of the entities that have been abolished or whose powers, duties
229 and responsibilities have been transferred to the Corporation under this
230 Act, including concerned government agencies; and

231 d. Such amount as may be appropriated from time to time from the funds of
232 the National Treasury not otherwise appropriated, including any outlay
233 from the infrastructure program of the National Government and as may
234 be provided in the annual General Appropriations Act.

235 **SEC. 13. *Contribution to the General Fund.*** – The Corporation shall comply
236 with the provisions of Republic Act No. 7656, requiring government-owned or
237 controlled corporations to declare dividends under certain conditions to the National
238 Government.

239 **SEC. 14. *Auditor.*** – The Chairperson of the COA shall be the *ex officio* auditor
240 of the Corporation. For this purpose, the COA may appoint a representative,
241 together with the necessary personnel, to assist said representative in the
242 performance of duties.

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

247 **SEC. 15. *Legal Counsel.*** – The Government Corporate Counsel shall be the
248 legal counsel of the Corporation: *Provided*, That the Corporation may establish its
249 own legal department to handle the day-to-day legal matters affecting its affairs.

250 **SEC. 16. *Annual Report.*** – The Board shall submit to the President of the
251 Philippines, through the DOTr, together with the audit report on the relevant
252 accounts, an annual report generally dealing with the activities and operations of the
253 Corporation. The Board shall also make available such report to the public.

254 **SEC. 17. *Applicability of the Civil Service Law.*** – The Corporation and its
255 officials and employees shall be subject to the Civil Service Law and its rules and
256 regulations.

257 **SEC. 18. *Borrowing Power.*** – The Corporation may, subject to the review and
258 approval of the Monetary Board and the DOF, raise funds either from local or
259 international sources by way of loans, credit, or securities, and other borrowing
260 instruments with the power to create pledges, mortgages, and other voluntary liens
261 or encumbrances on any of its assets or properties.

262 All loans contracted by the Corporation under this Section, together with all
263 interests and other sums payable in respect hereof shall constitute a charge upon all
264 the revenues and assets of the Corporation and shall rank equally with one another,
265 but shall have priority over any other claim or charge on the revenue and assets of
266 the Corporation: *Provided*, That this provision shall not be construed as a
267 prohibition or restriction on the power of the Corporation to create pledges,
268 mortgages, and other voluntary liens or encumbrances on any of its assets or
269 properties.

270 Except as expressly authorized by the President of the Philippines, the total
271 outstanding indebtedness of the Corporation in the principal amount in local and
272 foreign currency shall not, at any given time, exceed the net worth of the
273 Corporation.

274 The President of the Philippines, after consultation with the Secretary of
275 Finance, may guarantee in the name and on behalf of the Republic of the Philippines,
276 the payment of the loans or other indebtedness of the Corporation up to the amount
277 herein authorized.

278 **SEC. 19. *Increase or Decrease of Rates.*** – The Corporation may increase or
279 decrease the rates of the dues, charges, fees or assessments collectible by the
280 Corporation to protect the interest of the government and provide a satisfactory
281 return on the Corporation’s assets: *Provided*, That the setting of rates should be in
282 alignment with international policies on airport charges adopting the key principles
283 of transparency, cost-relatedness, consultation, and non-discrimination. The
284 Corporation may adjust the schedule of such rates so as to reflect the cost of facilities
285 or services provided or rendered. These dues, charges, fees or assessments may be
286 periodically reviewed by the Corporation, which shall make such adjustments to the
287 schedule of rates as shall adequately reflect any increase in price levels and, in the
288 case of concession rentals, volume of traffic through the airports, subject to the
289 provisions of Batas Pambansa Blg. 325, Authorizing Heads of All Ministries, Offices
290 and Agencies, and the Commissions of the National Government, the Supreme
291 Court, and Constitutional Bodies, to Revise their Fees and Charges”.

292 **SEC. 20. *Remedies for Non-Payment.*** – If the owner or agent of any aircraft
293 refuses or neglects to pay on demand any rate or charges made in pursuance to

294 Section 19 hereof, the Corporation, after complying with the required legal
295 formalities provided by law, shall have the power to impose a lien on such aircraft,
296 equipment, or furniture belonging to the owner or agent of said aircraft, until the
297 amounts due shall have been paid.

298 **SEC. 21. *Fines and Penalties.*** – The Corporation shall have the power to exact
299 reasonable administrative fines in such specific amounts and for such specific
300 violations arising out of the use of the airports as shall be prescribed in the rules and
301 regulations which the Corporation is authorized to issue for the purpose.

302 **SEC. 22. *Competitive Tender.*** – The General Manager shall, as far as
303 practicable, grant permits or concessions to trade or to engage in business within the
304 areas controlled by the Corporation to the highest bidder after a competitive public
305 bidding: *Provided*, That the bidding requirements may be waived in the case of
306 banks, branches of the post office, National Telecommunications Commission
307 (NTC), other government agencies in airline operations or where the fees, rates or
308 assessments to be charged have been fixed by the Board.

309 The General Manager shall require such permittees or concessionaires to
310 provide goods or services acceptable under international standards and at such prices
311 similar to goods or services in Metropolitan Manila or airports in other countries:
312 *Provided*, That such final awards of permits or concessions to successful bidders
313 shall be subject to the approval of the Board.

314 **SEC. 23. *Tax Exemption.*** – The Corporation shall be exempt from realty tax
315 imposed by political subdivisions, agencies, or instrumentalities of the National
316 Government: *Provided*, That the tax exemption herein granted shall not extend to
317 any subsidiary which may be organized by the Corporation.

318 **SEC. 24. *Transfer of Power and Assets.*** – All powers, duties, and rights vested
319 by law and exercised by the CAAP relating to the control, supervision, construction,
320 maintenance, operation, provision of services and facilities and the efficient
321 functioning of all domestic and international airports in the country pursuant to
322 Republic Act No. 9497 are hereby transferred to the Corporation. All assets, real
323 and personal properties, contracts, records and documents and funds and revenues
324 owned by or vested in the different offices of CAAP in relation to the powers, duties
325 and rights herein transferred shall also be transferred to the Corporation.

326 **SEC. 25. *Projects in Progress.*** – All ongoing projects relating to the
327 construction of airport facilities shall be continued by the agency or agencies
328 involved until completion. Thereafter, such projects shall be transferred to the
329 Corporation in accordance with agreements among agencies concerned. Any
330 disagreement relating to such transfer shall be submitted to the Office of the
331 President of the Philippines for final decision.

332 **SEC. 26. *Transfer of Liabilities and Debts.*** – Upon the transfer to and
333 acceptance by the Corporation of the existing physical facilities, intangible assets,
334 and completed projects referred to in the preceding sections, all debts, liabilities and
335 obligations of the entities concerned and other government agencies in respect to
336 such physical facilities, tangible assets, and completed projects within the airports
337 shall likewise be assumed by the Corporation.

338 **SEC. 27. *Appropriations.*** – To provide for any extraordinary expenses of the
339 Corporation upon its organization, the unutilized portion of actual operating income
340 over the estimated expenses of the entities whose powers, duties and responsibilities
341 have been transferred to the Corporation under this Act, at the time of the passage
342 of this Act, is hereby appropriated for purposes approved by the Board. This shall
343 be considered as part of the Corporation’s capital under Section 12 hereof.

344 **SEC. 28. *Implementing Rules and Regulations.*** – Within ninety (90) days after
345 the passage of this Act, the Board shall, in consultation with the DOTr, CAAP, DOT,
346 DOF, and DBM, promulgate the implementing rules and regulations, including
347 therein the provisions on the transfer of specific powers and assets from CAAP,
348 projects in progress relating to the construction of airport facilities, and liabilities
349 and debts, as mandated in Sections 24 to 27 hereof, for the effective implementation
350 of this Act.

351 **SEC. 29. *Separability Clause.*** – If any provision of this Act is declared invalid
352 or unconstitutional, the other provisions not affected thereby shall remain valid and
353 subsisting.

354 **SEC. 30. *Repealing Clause.*** - All Acts, executive orders, memorandum
355 circulars, guidelines and other issuances or parts thereof, which are inconsistent with
356 this Act, are hereby repealed or modified accordingly.

357 **SEC. 31. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
358 complete publication in the Official Gazette or in at least two (2) newspapers of
359 general circulation.

360 *Approved,*