

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19TH CONGRESS
First Regular Session

HOUSE BILL NO. 5154



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

In the Republic of the Philippines, the **Civil Aeronautics Board (CAB)** is the agency of the government mandated to regulate the economic aspect of air transportation, and shall have the general supervision, control and jurisdiction over air carriers, general sales agents, cargo sales agents, and air freight forwarders as well as their property, property rights, equipment, facilities, and franchise (**R.A. No. 776, as amended by P.D. 1462**). CAB is an attached agency of the Department of Transportation (**DOTr**).

This House Bill seeks to provide **Developmental Funding** to the (**CAB**) to ensure that the state fulfills its commitments in the exercise of its regulatory powers, it is authorized to issue Certificates of Public Convenience and Necessity (**CPCN**) to domestic carriers, Foreign Air Carrier's Permit (**FACP**) to foreign carriers, and Letters of Authority to airfreight forwarders, general sales agents, cargo sales agents who are fit, willing, and able to perform services as required by public convenience and necessity. CAB shall likewise perform quasi-judicial functions.

Thus, the early passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to read "Michael L. Romero". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

MICHAEL L. ROMERO

Republic of the Philippines
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HOUSE BILL NO. 5154

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AN ACT

**PROVIDING FOR DEVELOPMENTAL FUNDING FOR THE CIVIL
AEROANAUTICS ADMINISTRATION OF THE PHILIPPINES, TO
FOSTER UPGRADES IN ITS SYSTEM AND REGULATION
PROCEDURES PRESCRIBED FOR CIVIL AERONAUTICS
STANDARDS, AND FOR OTHER PURPOSES**

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

SECTION 1. TITLE – This act shall be known as the “**Civil
Aeronautics Development Act of 2022**”.

SECTION 2. DECLARATION OF POLICY – It shall hereby be a declared
policy of the State to exercise and perform its powers and functions under this
Act, the Civil Aeronautics Board (**CAB**) and the Civil Aeronautics Administration
shall consider the following among other things, as being in the public interest,
and in accordance with the public convenience and necessity:

a) The development and utilization of the air
potential of the Philippines;

b) The encouragement and development of an air transportation system properly adapted to the present and future of foreign and domestic commerce of the Philippines, of the Postal Service, and of the National Defense;

c) The regulation of air transportation in such manner as to recognize and preserve the inherent advantages of, assure the highest degree of safety in and foster sound economic conditions in such transportation, and to improve the relations between, and coordinate transportation by air carriers;

d) The promotion of adequate, economical and efficient service by air carriers at reasonable charges without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices.

e) Competition between air carriers to the extent necessary to assure the sound development of an air transportation system properly adapted to the need of the foreign and domestic commerce of the Philippines, of the Postal Service, and of the National Defense.

f) To promote safety of flight in air commerce in the Philippines; and

g) The encouragement and development of civil aeronautics.

SECTION 3. DEVELOPMENTAL FUND – The amount of One Billion Pesos (**Php 1,000,000,000.00**) for the operation and administration of the **CAB** shall be chargeable against funds for the purpose and other sources recommended by the Department of Budget and Management (**DBM**). Thereafter,

appropriations for the **CAB** shall be included in the budget proposals under the Department of Transportation (**DOTr**).

Thereafter, the amount needed for the continued implementation of the development program, shall be included in the annual General Appropriations Act (**GAA**).

SECTION 4. CAB DEVELOPMENTAL FUND – There is hereby created the *CAB Developmental Fund* to be used exclusively for the *CAB Developmental Programs*.

The CAB Developmental Fund shall be administered by the Secretary of the **DOTr** in accordance with existing government budgeting, accounting and auditing rules and regulations.

SECTION 5. PROGRESS REPORT – The Secretary of the **DOTr** shall prepare an annual report on the status of the implementation of the *CAB Developmental Programs* which shall be submitted, to the Office of the President and to the Chairpersons of the Committee on Energy of the Senate and the House of Representatives.

SECTION 6. PERIOD OF IMPLEMENTATION – The modernization program under this Act shall be implemented for an initial period of two **(2)** years:

Provided, that payments for multi-year contract obligations incurred under this Act may extend beyond this period:

Provided, further, That **CAB** shall continue develop, modernize and constantly update its operational capabilities to keep pace with best global practices.

SECTION 7. POWERS AND FUNCTIONS. – The CAB shall continue to exercise and uphold the following:

(A) Except as otherwise provided herein, the Board shall have the power to regulate the economic aspect of air transportation, and shall have the general supervision and regulation of, the jurisdiction and control over, air carriers, general sales agents, cargo sales agents, and airfreight forwarders as well as their property, property rights, equipment, facilities, and franchise, in so far as may be necessary for the purpose of carrying out the provisions of this Act.

(B) The Board may perform such acts, conduct such investigations, issue and amend such orders, and make and amend such general and special rules, regulations, and procedures as it shall deem necessary to carry out the provisions of this Act.

(C) The Board shall have the following specific powers and duties:

(1) In accordance with the provisions of Chapter 4 of this Act, to issue, deny, amend, revise, alter, modify, cancel, suspend, or revoke, in whole or in part, upon petition or complaint, or upon its own initiative, any temporary operating permit or Certificate of Public Convenience and Necessity; Provided, however, That in the case of foreign air carriers, the permit shall be issued with the approval of the President of the Republic of the Philippines.

(2) To fix and determine reasonable individual, joint or special rates, charges or fares, which an air carrier may demand, collect or receive for any service in connection with air commerce. The Board may adopt any original, amended, or new individual, joint or special rates, charges or fares proposed by an air carrier if the proposed individual, joint, or special rates, charges for fares are not unduly preferential or unduly discriminatory or unreasonable. The burden of proof to show that the proposed individual, joint or special rates, charges or fares are just and reasonable shall be upon the air carrier proposing the same.

In fixing rates, charges, fares under the provisions of this Act, the Board shall take into consideration, among other factors:

- a)** The effect of such rates upon the movement of traffic;
- b)** The need in the public interest of adequate and efficient transportation of persons and property by air carriers at the lowest cost consistent with the furnishing of such service.
- c)** Such standards respecting the character and quality of service to be rendered by air carriers as may be prescribed by or pursuant to law;

- d)** The inherent advantages of transportation by aircraft; and
- e)** The need of each air carrier for revenues sufficient to enable such air carrier, under honest, economical, and efficient management, to provide adequate and efficient air carrier service.

(3) To authorize any type of charters whether domestic or international and special air services or flight under such terms and conditions as in its judgment public interest requires. Notwithstanding the existence of bilateral air agreement, the CAB is authorized to grant any foreign airline increase in frequencies and/or capacities on international routes when in its judgment the national interest requires it, provided that the utilization of the increase frequencies and capacities is not more than thirty days. All grants of frequencies and/or capacities shall be subject to the approval of the President.

(4) To approve or disapprove increase and/or decrease of capital, lease, purchase, sales of aircraft of air carrier engaged in air commerce; consolidation, merger, purchase, lease and acquisition and control of operating contracts between domestic foreign air carriers, or between domestic air carriers or any person engaged in any phase of aeronautics.

(5) To inquire into the management of the business of any air carrier and, to the extent reasonably necessary for such inquiry, to obtain from such carrier, and from any person controlling, or controlled by, or under common control with, such air carrier, full and complete reports and other information. Such reports shall be under oath whenever the Board so requires.

(6) To require annual, monthly, periodical, and special reports from any air carrier, to prescribe the manner and form in which such reports shall be made, and to require from any air carrier specific answers to all questions upon which the Board may deem information to be necessary. Such reports shall be under oath whenever the Board so requires. The Board may also require any air carrier to file with it any contract, agreement, understanding or arrangement, or a true copy thereof, between such air carrier and any other carrier or person, in relation to any traffic affected by the provisions of this Act.

(7) To prescribe the forms of any and all accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of money, and the length of times such accounts, records and memoranda shall be preserved: Provided, that any air carrier may keep additional accounts, records, or memoranda if they do not impair the integrity of the accounts, records, or memoranda prescribed or approved by the Board and do not constitute an undue financial burden on such air carrier.

(8) To require each officer and director of any air carrier to transmit a report describing the shares of stock with any persons engaged in any phase or other interest held by such air carrier of aeronautics, and the holding of the stock in and control of, other persons engaged in any phase of aeronautics.

(D) The Board may investigate, upon complaint or upon its own initiative whether any individual or air carrier, domestic or foreign, is violating any provision of this Act, or the rules and regulations issued thereunder, and shall take such action consistent with the provisions of this Act, as may be necessary to prevent further violation of such provision, or rules and regulations so issued.

(E) The Board may issue subpoena or subpoena duces tecum require the attendance and testimony of witness in any matter or inquiry pending before the Board or its duly authorized representatives, and require the production of books, papers, tariffs, contracts, agreements and all other documents submitted for purposes of this section to be under oath and verified by the person in custody thereof as to the truth and correctness of data appearing in such books, papers, tariffs, contracts, agreements and all other documents.

(F) The Board may review, revise, reverse, modify or affirm on appeal any administrative decision or order of the Administrator on matter pertaining to:

(1) Grounding of airmen and aircraft or

(2) Revocation of any certificate or the denial by the Administrator of issuance of any certificate; or

(3) Imposition of civil penalty of fine in connection with the violation of any provision of this Act or rules and regulations issued thereunder.

(G) The Board shall have the power, either on its own initiative or upon review on appeal from an order or decision of the Administrator, to determine whether to impose, remit, mitigate, increase, or compromise, such fines and civil penalties as the case may be.

(H) (1) The Civil Aeronautics Board shall be advised of, and shall consult with the Department of Foreign Affairs concerning the negotiation of any air agreement with foreign governments for the promotion, establishment, or development of foreign air transportation.

(2)In exercising and performing its powers and duties under the

provisions of this Act, the Civil Aeronautics Board shall take into consideration the obligation assumed by the Republic of the Philippines in

any treaty, convention or agreement with foreign countries on matters affecting civil aviation.

SECTION 8. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 9. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 10. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 11. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 12. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,