

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6774



Introduced by HON. GUS S. TAMBUNTING

**AN ACT AMENDING THE CIVIL AVIATION AUTHORITY ACT OF 2008 AND
SEPARATING THE REGULATORY AND COMMERCIAL FUNCTIONS OF THE
CIVIL AVIATION AUTHORITY OF THE PHILIPPINES**

EXPLANATORY NOTE

The separation of regulatory and commercial functions of the Civil Aviation Authority of the Philippines (CAAP) is necessary to ensure the efficient and effective delivery of services to the public. The current structure of CAAP, which combines both regulatory and commercial functions, has led to conflicts of interest and inefficiencies in its operations.

Aerodrome development and management, including the construction, operation and maintenance of new airports, and the operation of training schools, are commercial functions that are not inherently essential, necessary, or incidental to aviation regulation, and should be better managed by a separate entity such as the Philippine Aerospace Development Corporation (PADC) or the private sector.

Transferring these functions to PADC or the private sector will allow CAAP to focus on its core regulatory responsibilities, and ensure that these commercial functions are managed with the same level of efficiency and effectiveness that is expected from the commercial sector. This will also ensure that the investigation of any incidents will be done by an objective and independent body rather than the same agency investigating itself.

Additionally, the privatization, Public-Private Partnership, joint venture, Build-Operate-Transfer scheme, divestment, or such other similar means of the Authority's aerodrome development and management functions, including the construction, operation and maintenance of new airports, will ensure that government resources are used more efficiently and effectively, and will help to reduce the burden on the government budget. This will also provide an opportunity for the private sector to invest and innovate in aerodrome development and management, which is critical to the growth of the country's air transport infrastructure.



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2nd District, Parañaque City

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

SECTION 1. Section 21 of Republic Act No. 9497, otherwise known as the Civil Aviation Authority Act of 2008, is hereby amended to read as follows:

“SECTION 21. *Policies.* — In the exercise and performance of its powers and duties under this Act, the Authority shall consider the following, among other things, as being in the public interest and in accordance with the public convenience and necessity:

(a) The regulation of air transportation in such manner as to support sound economic condition in such transportation and to improve the relations between air carriers; and

(b) Ensuring the safety, quality, and reliability of air transport services for the riding public.”

SEC. 2. Section 33 of the same Act is hereby amended to read as follows:

“SECTION 33. *Organizational Structure of the Authority.* — Within fifteen (15) days from the appointment of and acceptance by all members of the Board and the Director General of their respective appointments, the Board, in consultation with the Director General, shall meet to draw up the Authority's organizational structure. The Board shall agree on the Authority's final organizational structure not later than six (6) months from the date of the effectivity of this Act.

In addition to the offices created under Sections 36 and 40 of this Act, the Board shall establish the following permanent offices:

- (a) Air Traffic Service;
- (b) Air Navigation Service; and
- (c) Administrative and Finance Service.

The Aerodrome Development and Management Service, as an office within the Authority, is hereby abolished effective immediately. The functions, powers, and duties related to aerodrome development and management shall temporarily be transferred to the Philippine Aerospace Development Corporation, under the supervision of the Department of Transportation. Within five (5) years from the abolition of the said office, the Governance Commission for Government-Owned or Controlled Corporations, the Philippine Aerospace Development Corporation, and the Department of Transportation shall plan, obtain the approval for, and implement the privatization, Public-Private Partnership, joint venture, Build-Operate-Transfer scheme, divestment, or such other similar means of the Authority's aerodrome development and management functions.

The Board may agree for the viability for the creation of additional offices and the finalization of the organizational structure not later than six (6) months from the date of the effectivity of this Act.

Notwithstanding the qualification standards as may be prescribed by the Board and the Civil Service Commission, the selection and appointment of the heads of the foregoing offices shall be limited from the rank and file employees of the concerned services."

SEC. 3. Section 34 of the same Act is hereby amended to read as follows:

"SECTION 34. *Training Schools*. — (a) Authority to Operate — The Philippine Aerospace Development Corporation shall conduct a school or schools for the purpose of training employees of the Authority in those subjects necessary for the proper performance of all authorized functions of the Authority. The PADDC may also authorize attendance of courses given in such schools by other governmental personnel and personnel of foreign governments, or personnel of the aeronautical industry.

(b) Offset of Training Costs — The Philippine Aerospace Development Corporation shall be responsible for determining the cost of training and any required payment from appropriate parties to offset the costs of training provided by such school or schools."

SEC. 4. The following provision of Section 35 of the same Act is hereby repealed:

"(l) To plan, design, acquire, establish, construct, operate, improve, maintain, and repair necessary aerodromes and other air navigation facilities;"

Item (m) of Section 35 of the same Act shall now be relabeled as item (l), *et seq.*

SEC. 5. Section 78 of the same Act is hereby amended to read as follows:

"SECTION 78. *Development of New Airports.* — The Philippine Aerospace Development Corporation shall be responsible for the planning, development, construction, operation, maintenance, or the expansion of airports. In planning and developing new airports, the PADC shall consider:

(a) The suitability of a proposed site in terms of terrain and proximity to population center(s);

(b) The projected size of the market to be served by a proposed airport;

(c) The ability of a proposed airport to generate sufficient revenue to cover costs of operation and maintenance;

(d) The availability of funding from both local and foreign sources for the construction of a new airport or expansion of an existing one;

(e) The proximity of other airports to a proposed new airport and the capability of such other airport to handle traffic projected to be handled by the new proposed airport;

(f) The government's public service obligations, more particularly the government's duty to ensure the availability of air transport infrastructure for remote areas far from major population centers and that are not otherwise easily accessible by transportation via land or sea. In such cases, the Philippine Aerospace Development Corporation shall take reasonable steps to ensure that funding will be available for the operation and maintenance of such airports;

(g) ICAO best practices and recommendations concerning the development of airports; and

(h) Within five (5) years from the abolition of the Civil Aviation Authority of the Philippines' aerodrome development and management office, the Governance Commission for Government-Owned or Controlled Corporations, the Philippine Aerospace Development Corporation, and the Department of Transportation shall plan, obtain the approval for, and implement the privatization, Public-Private Partnership, joint venture, Build-Operate-Transfer scheme, divestment, or such other similar means of the Authority's aerodrome development and management functions; and

(i) Such other considerations as the Philippine Aerospace Development Corporation, in the exercise of its reasonable discretion, may consider relevant or important."

SEC. 6. *Separability Clause.* — If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall continue to be in full force and effect.

SEC. 7. *Repealing Clause.* — All laws, decrees, executive orders, rules and regulations and other issuances or part thereof, which are inconsistent with this Act, are hereby repealed, amended, or modified accordingly.

SEC. 8. *Effectivity Clause.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,