



HOUSE OF REPRESENTATIVES

H. No. 458

BY REPRESENTATIVES TEODORO, AGGABAO, BICHARA, ROBES, VIOLAGO,
BELLO (S.), BELMONTIE (J.), BERNOS, CAMINERO, LAGDAMEO (A.),
LAGDAMEO (M.), MENDOZA (R.), RIDON, RAMIREZ-SATO AND SEMA

AN ACT AMENDING SECTIONS 10, 11, 22 AND 24 OF REPUBLIC ACT
NO. 776, OTHERWISE KNOWN AS "THE CIVIL AERONAUTICS
ACT OF THE PHILIPPINES", AS AMENDED

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

1 SECTION 1. Section 10 of Republic Act No. 776, otherwise known as
2 "The Civil Aeronautics Act of the Philippines", as amended, is hereby further
3 amended to read as follows:

4 "SEC. 10. *Powers and Duties of the Board.* - (A) Except as
5 otherwise provided herein, the Board shall have the power to
6 regulate the economic aspect of air transportation, and [shall have
7 the] EXERCISE general supervision and regulation of, the
8 jurisdiction and control over air carriers, general sales agents,
9 cargo sales agents, and airfreight forwarders as well as their
10 property, property rights, equipment, AND facilities [and
11 franchise], insofar as may be necessary for the purpose of carrying
12 out the provisions of this Act.

13 "x x x

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

3 “(1) In accordance with the provisions of Chapter IV of this
4 Act, to issue, deny, amend, revise, alter, modify, cancel, suspend
5 or revoke, in whole or in part, upon petition or complaint, or upon
6 its own initiative, any temporary operating permit or Certificate of
7 Public Convenience and Necessity (CPCN): *Provided, however,*
8 **THAT NO CPCN SHALL BE ISSUED PRIOR TO A GRANT OF VALID**
9 **LEGISLATIVE FRANCHISE TO THE AIRLINE COMPANY AND**
10 **[T]hat in the case of foreign air carriers, the permit shall be**
11 **issued with the approval of the President of the Republic of the**
12 **Philippines.**

13 “x x x

14 “(4) To approve or disapprove increase and/or decrease of
15 capital, lease, purchase, sales [or] **OF** aircraft of air carrier
16 engage[s]**D** in air commerce; consolidation, merger, purchase,
17 lease and acquisition and control of operating contracts between
18 domestic air carriers, between domestic and foreign air carriers, or
19 between domestic air carriers or any person[s] engaged in any
20 phase of aeronautics **AND INFORM CONGRESS OF THE SAME**
21 **WITHIN THIRTY (30) DAYS.**

22 “x x x.”

23 SEC. 2. Section 11 of the same Act, as amended, is hereby further
24 amended to read as follows:

25 “SEC. 11. *Nature, Terms and Conditions.* – Certificate of
26 Public Convenience and Necessity (CPCN) is a permit issued by
27 the Board authorizing a person to engage in air commerce and/or
28 air transportation, foreign and/or domestic. No person shall
29 engage in air commerce **WITHOUT THE PRIOR GRANT OF A**

1 **LEGISLATIVE FRANCHISE BY CONGRESS** AND unless there is in
2 force a permit issued by the Board.

3 “No general sales agent, cargo sales agent or airfreight
4 forwarder shall engage in any of the activities mentioned in
5 Section 3 paragraphs (jj), (kk), and (ll) respectively, unless there
6 is in force a permit or any other form of authorization issued by
7 the Board.

8 “There shall be attached to the exercise of the privileges
9 granted by the **LEGISLATIVE FRANCHISE AND THE** permit, or
10 amendment thereto, such reasonable terms, conditions or
11 limitations as, in the judgment of the Board, the public interest
12 may require.

13 “x x x.”

14 **SEC. 3.** There shall be incorporated after Section 11 of Republic Act
15 No. 776, as amended, a new section to read as follows:

16 “**SEC. 11-A. LEGISLATIVE FRANCHISE. – ALL DOMESTIC**
17 **AIRLINE CARRIERS, AIRFREIGHT FORWARDERS AND AIR TAXIS**
18 **OPERATING WITHOUT A LEGISLATIVE FRANCHISE WHICH HAVE**
19 **BEEN ISSUED A CPCN OR OTHER PERMITS TO OPERATE BY THE**
20 **CIVIL AERONAUTICS BOARD PRIOR TO THE APPROVAL OF THIS**
21 **ACT MAY CONTINUE TO OPERATE UNTIL THE END OF THE TERM**
22 **OF THE OPERATIONAL PERMITS: PROVIDED, THAT THE CPCN**
23 **OR OTHER PERMITS ISSUED BY THE CAB GRANTING THE**
24 **DOMESTIC AIRLINE CARRIERS, AIRFREIGHT FORWARDERS AND**
25 **AIR TAXIS SHALL NOT BE EXTENDED OR RENEWED WITHOUT A**
26 **LEGISLATIVE FRANCHISE: PROVIDED, FURTHER, THAT THESE**
27 **CARRIERS SHALL BE REQUIRED TO APPLY FOR LEGISLATIVE**
28 **FRANCHISE NOT LATER THAN ONE (1) YEAR PRIOR TO THE**
29 **EXPIRATION OF THE TERM STIPULATED IN THEIR CPCN OR**
30 **OPERATIONAL PERMITS.**

1 “EXISTING FRANCHISES THAT ARE NOT OPERATED OR ARE
2 WITHOUT PENDING APPLICATION FOR CPCN AT THE TIME OF
3 THE EFFECTIVITY OF THIS ACT ARE DEEMED REVOKED.”

4 SEC. 4. Section 22 of the same Act is hereby amended to read as
5 follows:

6 “SEC. 22. *Modification, suspension or revocation.* – The
7 Board, upon petition or complaint or upon its own initiative, may,
8 by order entered after notice and opportunity for hearing, alter,
9 amend, modify or suspend any permit, in whole or in part, if
10 public convenience and necessity so require; or may revoke any
11 permit, in whole or in part, for intentional failure to comply with
12 any provision of this Act or any order, rule or regulation issued
13 thereunder, or any term, condition or limitation of such permit:
14 **PROVIDED, THAT THE BOARD SHALL NOTIFY CONGRESS PRIOR**
15 **TO ANY ACTION IT SHALL MAKE: *Provided, FURTHER,*** That the
16 Board, for good cause, may, by order without notice and hearing
17 suspend, for a period not to exceed thirty (30) days, any permit or
18 the exercise of any privilege or authority issued or granted under
19 this Act whenever such step shall, in the judgment of the Board,
20 be necessary to avoid serious or irreparable damage or
21 inconvenience to the public. Any interested person may file with
22 the Board a protest or memorandum in support of or in opposition
23 to the alteration, amendment, modification, suspension, or
24 revocation of any permit.”

25 SEC. 5. Section 24 of the same Act is hereby amended to read as
26 follows:

27 “SEC. 24. *Effective date and duration of permit.* – Each
28 permit shall be effective from the date specified therein and shall
29 continue in effect until suspended or revoked or until the Board

1 shall certify that operation thereunder has ceased: *Provided*, That,
2 if any service authorized by a permit is not inaugurated within a
3 period of ninety (90) days after the date of authorization as shall
4 be fixed by the Board or after such other period as may be
5 designated by the Board, the Board may by order direct that such
6 permit shall thereupon cease to be effective to the extent of such
7 service: **PROVIDED, FURTHER, THAT THE BOARD SHALL NOTIFY**
8 **CONGRESS WITHIN THIRTY (30) DAYS OF ANY CHANGE IN THE**
9 **STATUS OF THE FRANCHISE GRANTED TO THE AIRLINE**
10 **COMPANY: *Provided, [further]* FINALLY,** That no permit shall be
11 issued for a period of more than twenty-five (25) years OR THAT
12 WOULD EXCEED THE TENURE OF THE FRANCHISE.”

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

16 SEC. 7. *Repealing Clause.* – All laws, decrees, executive orders,
17 proclamations, rules and regulations and other issuances or parts thereof which
18 are inconsistent with the provisions of this Act are hereby repealed, amended
19 or modified.

20 SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days after
21 its publication in at least two (2) newspapers of general circulation.

Approved,