



Senate

Office of the Secretary

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

22 AUG -3 A11 :22

SENATE
S. B. No. 1003

RECEIVED BY

Introduced by Senator SONNY ANGARA

AN ACT
STRENGTHENING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES,
AMENDING FOR THE PURPOSE REPUBLIC ACT 9497, OTHERWISE KNOWN
CIVIL AVIATION AUTHORITY ACT OF 2008

EXPLANATORY NOTE

In 2008, the Civil Aviation Authority of the Philippines (CAAP) was created by virtue of Republic Act No. 9497. The law designates CAAP as the civil aviation authority of the country which shall set comprehensive, clear, and impartial rules for the aviation industry, and shall be an independent regulatory body with quasi-judicial and quasi-legislative powers with corporate attributes.

According to the International Air Transport Association (IATA), the COVID-19 pandemic has greatly affected the aviation industry with a whopping losses worth over \$200 billion for the years 2020-2022.¹ However, even prior to the pandemic, the technical report of the United States Federal Aviation Authority (FAA) has cited 23 "critical elements" that should be addressed for the improvement of the country's aviation status, namely, fine-tuning of the Philippine Civil Air Regulations, changing the CAAP's safety and oversight structure, updating its database storing system, standardizing their certification of safety inspectors, and revalidating airline carriers, among others.

After fourteen years from the enactment of RA 9497, policy interventions should be made to fully address the still perceived deficiencies in the supervision and management of the Philippine civil aviation industry and to strengthen CAAP as the country's designated civil aviation authority. According to the Journal of Airport

¹ <https://www.iata.org/en/pressroom/2021-releases/2021-10-04-01/>

Transport Management on 14 September 2020 government and public authorities play a crucial role at all levels in the future development of the aviation industry.

To this end, this measure proposes to amend RA 9497, specifically to:

1. Increase the term of Director General (DG) to a fixed term of eight (8) years to ensure continuity in the civil aviation system, the promotion, development and regulation of the technical, operational, safety, and aviation security functions by insulating the DG from changes of administration;
2. Update the composition of the CAAP Board of Directors to include private sector representatives in order to strengthen the safety and oversight structure of the Board;
3. Exempt CAAP from the coverage of the GCG law and the Salary Standardization Law, as their functions are distinctly and highly technical in nature as compared to those performed by other "government employees"; and
4. Enhance fiscal autonomy of CAAP by exempting them from the coverage of Republic Act No. 7656 or the Dividend Law to maximize the use of the revenues generated by CAAP.

To better shape the recovery of the aviation industry, sustainable reforms in air transportation is necessary so as to guarantee the safety, reliability and efficiency of air transport in the country.

In view of the foregoing, passage of this bill is earnestly sought.

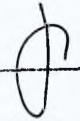


SONNY ANGARA
78

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CIVIL AVIATION AUTHORITY ACT OF 2008**

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

1 **SECTION 1.** Section 2 of Republic Act No. 9497, otherwise known as the Civil
2 Aviation Authority Act of 2008, is hereby amended to read as follows:

3 "SEC. 2. Declaration of Policy. - It is hereby declared the policy of the
4 State to provide safe and efficient air transport and regulatory
5 services in the Philippines by providing for the creation of a civil
6 aviation authority with jurisdiction over the restructuring of the civil
7 aviation system, the promotion, development and regulation of the
8 technical, operational, safety, and aviation security functions under
9 the civil aviation authority **IN FURTHERANCE OF THE**
10 **OBLIGATIONS OF THE PHILIPPINES TO THE**
11 **INTERNATIONAL COMMUNITY AS CONTRACTING STATE TO**
12 **THE CONVENTION ON INTERNATIONAL CIVIL AVIATION,**
13 **COMMONLY KNOWN AS THE CHICAGO CONVENTION. THE**
14 **AUTHORITY SHALL COORDINATE WITH OTHER**
15 **GOVERNMENT AGENCIES IN ADVANCING AVIATION**
16 **SECURITY IN THE PHILIPPINES.**

17 **TOWARDS THIS END, THE GOVERNMENT SHALL**
18 **EXTEND ALL MEANS AND MECHANISMS NECESSARY FOR**
19 **THE AUTHORITY TO FULFILL ITS VITAL TASK OF**

1 (a) [~~Establishment of Authority Headed by a~~] **APPOINTMENT AND**
2 **TERM OF OFFICE** Director General - The Authority shall be headed
3 by a Director General of Civil Aviation, referred to in this Act as the
4 "Director General," who [~~shall be appointed by the President of the~~
5 ~~Philippines and~~] shall be responsible for all **NON-ECONOMIC**
6 **ASPECTS OF** civil aviation in the Philippines and the administration
7 of this Act. **NOTWITHSTANDING THE PROVISIONS OF**
8 **REPUBLIC ACT 10149, [†]the** Director General shall be appointed
9 **BY THE PRESIDENT OF THE PHILIPPINES** based on the
10 qualifications herein provided and shall have a [~~tenure~~] **TERM** of
11 office for a period of [~~four (4)~~] **EIGHT (8) YEARS** years [. His
12 appointment may be extended for another non-extendible term of
13 four (4) years] and shall only be removed for cause in accordance
14 with the rules and regulations prescribed by the Civil Service
15 Commission. **IN CASE THE DIRECTOR GENERAL FAILS TO**
16 **COMPLETE HIS TERM, HIS SUCCESSOR SHALL ONLY SERVE**
17 **FOR THE UNEXPIRED PORTION OF THE TERM OF HIS**
18 **PREDECESSOR.**

19 **THE PRESIDENT OF THE PHILIPPINES SHALL APPOINT**
20 **THE DIRECTOR GENERAL FROM A SHORTLIST OF THREE**
21 **NOMINEES PREPARED BY THE BOARD OF DIRECTORS**
22 **CONSTITUTED AS A SEARCH COMMITTEE COMPOSED OF**
23 **FIVE MEMBERS THEREOF WHO SHALL RECEIVE AND**
24 **EVALUATE NOMINATIONS. NO INCUMBENT DIRECTOR**
25 **GENERAL SHALL BE A MEMBER OF THE SEARCH**
26 **COMMITTEE."**

27 xxx"

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

29 "SEC. 5. Composition of the Board Members. — The corporate
30 powers of the Authority shall be vested in a board, which is
31 composed of [~~seven (7)~~] **NINE (9)** members:

- 1 (a) The Secretary of the Department of Transportation [~~and~~
2 ~~Communications~~] shall act as chairman ex officio;
- 3 (b) The Director General of Civil Aviation (DGCA) shall automatically
4 be the vice chairman of the Board;
- 5 (c) The Secretary of Finance;
- 6 (d) The Secretary of Foreign Affairs;
- 7 (e) The Secretary of Justice;
- 8 (f) The Secretary of the Interior and Local Government; [~~and~~]
- 9 (g) The Secretary of the Department of Labor and Employment;
- 10 **(H) THE SECRETARY OF THE DEPARTMENT OF TOURISM;**
- 11 **(I) THE SECRETARY OF THE DEPARTMENT OF NATIONAL**
12 **DEFENSE; AND**
- 13 **(J) TWO (2) REPRESENTATIVES FROM THE PRIVATE**
14 **SECTOR TO BE APPOINTED BY THE PRESIDENT OF THE**
15 **PHILIPPINES: PROVIDED, THAT NO PERSON SHALL BE**
16 **APPOINTED AS A MEMBER OF THE BOARD UNLESS HE**
17 **IS A FILIPINO CITIZEN OF GOOD MORAL CHARACTER**
18 **OF UNQUESTIONABLE INTEGRITY, AND RECOGNIZED**
19 **COMPETENCE IN THE FIELD OF AVIATION,**
20 **AERONAUTICAL ENGINEERING, ECONOMICS, LAW, AND**
21 **INTERNATIONAL RELATIONS AND MANAGEMENT, OR**
22 **RELATED FIELDS.**

23 The Directors listed under subsections (a) to [~~(g)~~] **(I)** shall be *ex*
24 *officio* members of the Board of Directors: *Provided*, That, in the
25 absence of the Director appointed in subsections (c) to [~~(g)~~] **(I)**, the
26 Director concerned shall designate **WITH FULL POWER AND**
27 **AUTHORITY, IN WRITING**, the officer [~~next in rank to him~~] **WHO**
28 **SHALL BE AT LEAST AN ASSISTANT SECRETARY**, in his
29 department or office to act on his behalf as a Director."

30 **SEC. 6.** Section 8 of the same Act is hereby amended to read as follows:

31 "SEC. 8. Quorum. — The presence of at least [~~four (4)~~] **SIX (6)**
32 members of the Board shall constitute a quorum and the majority

1 vote of [~~three-(3)~~] **FOUR (4)** members in a meeting where a
2 quorum is present shall be necessary for the adoption of any rule,
3 ruling, order, resolution, decision or other act of the Board in the
4 exercise of its functions.

5 **SEC. 7.** Section 9 of the same Act is hereby amended to read as follows:

6 "SEC. 9. Qualifications of Director General. - No person shall be
7 appointed [~~or-designated~~] as the Director General unless he is a
8 Filipino citizen, at least thirty-five (35) years of age, of good moral
9 character, unquestionable integrity, recognized competence and a
10 degree holder with at least five (5) years supervisory or management
11 experience in the field of aviation."

12 **SEC. 8.** Section 10 of the same Act is hereby amended to read as follows:

13 "SEC. 10. Board Meetings. — The Board shall meet regularly once a
14 month and may hold special meetings to consider urgent matters
15 upon call of the Chairman or upon the initiative of [~~four-(4)~~] **SIX (6)**
16 members. Internal rules of procedure in the conduct of Board
17 meetings shall be as prescribed by the Board."

18 **SEC. 9.** Section 12 of the same Act is hereby amended to read as follows:

19 "SEC. 12. Personnel. — [~~Qualified existing personnel of the Air~~
20 ~~Transportation Office (ATO) shall be given preference in the filling up~~
21 ~~of plantilla positions created in the Authority, subject to existing~~
22 ~~civil service rules and regulations.]~~

23 **THE DIRECTOR GENERAL SHALL EXERCISE APPOINTING**
24 **AND DISCIPLINING POWERS OVER ALL PERSONNEL OF THE**
25 **AUTHORITY.**

26 **ALL POSITIONS IN THE AUTHORITY SHALL BE GOVERNED**
27 **BY A COMPENSATION, POSITION CLASSIFICATION SYSTEM,**
28 **AND QUALIFICATION STANDARDS APPROVED BY THE**
29 **BOARD OF DIRECTORS BASED ON A COMPREHENSIVE JOB**
30 **ANALYSIS AND AUDIT OF ACTUAL DUTIES AND**
31 **RESPONSIBILITIES. THE AUTHORITY SHALL THEREFORE BE**
32 **EXEMPT FROM EXISTING LAWS, RULES AND REGULATIONS**

1 **ON COMPENSATION, POSITION CLASSIFICATION, AND**
2 **QUALIFICATION STANDARDS. IT SHALL, HOWEVER,**
3 **ENDEAVOR TO MAKE ITS SYSTEM CONFORM AS CLOSELY AS**
4 **POSSIBLE WITH THE PRINCIPLE UNDER REPUBLIC ACT NO.**
5 **6758, AS AMENDED.”**

6 **SEC. 10.** Section 15 of the same Act is hereby amended to read as follows:

7 “SEC. 15. Fiscal Autonomy. — The Authority shall enjoy fiscal
8 autonomy. All moneys earned by the Authority from the
9 collection/levy of any and all such fees, charges, dues, assessments
10 and fines it is empowered to collect/levy under this Act shall be used
11 solely to fund the operations of the Authority. **FOR THIS**
12 **PURPOSES, THE AUTHORITY SHALL BE EXEMPT FROM THE**
13 **PROVISIONS OF REPUBLIC ACT No. 7656 OR THE DIVIDEND**
14 **LAW.**

15 The utilization of any funds coming from the collection and/or levy of
16 the Authority shall be subject to the examination of the
17 Congressional Oversight Committee (COCAAP).

18 **SEC. 11.** Section 18 of the same Act is hereby amended to read as follows:

19 “SEC. 18. Compensation and Other Emoluments of Authority
20 Personnel. – Within six (6) months from the effectivity of this Act,
21 the Board shall determine the new schedule of salaries of the
22 employees of the Authority subject to the compliance with the
23 existing compensation laws, **CONSISTENT WITH THE**
24 **PROVISIONS UNDER SECTION 5 HEREOF, AND REVISE THE**
25 **SAME FROM TIME TO TIME AS IT MAY DEEM NECESSARY [±**
26 ~~Provided, That the Board shall determine and fix the compensation,~~
27 ~~and fringe benefits of employees holding technical positions that are~~
28 ~~not common to the other agencies of the government which shall be~~
29 ~~specified in the Implementing Rules and Regulations].~~ **THE BOARD**
30 **SHALL PROVIDE ANNUAL REVIEWS OR INCREASES BASED**
31 **ON PRODUCTIVITY.”**

32 **SEC. 12.** A new section 18-A is hereby inserted to read as follows:

1 "SEC. 18-A. MANAGEMENT OFFICIALS AND EMPLOYEES;
2 MERIT SYSTEM – THE BOARD SHALL ESTABLISH A
3 HUMAN RESOURCES MANAGEMENT SYSTEM, WHICH
4 SHALL PROMOTE PROFESSIONALISM AT ALL LEVELS OF THE
5 AUTHORITY IN ACCORDANCE WITH SOUND PRINCIPLES OF
6 MANAGEMENT.

7 A PROGRESSIVE COMPENSATION STRUCTURE, BASED
8 ON, AND EQUIVALENT TO THE STANDARDS OF THE
9 AVIATION INDUSTRY, AS PRACTICED AND OBSERVED IN
10 THE INTERNATIONAL AVIATION INDUSTRIES, INCLUDING
11 THE STANDARDS SET BY THE INTERNATIONAL CIVIL
12 AVIATION ORGANIZATION, SHALL BE ADOPTED AS AN
13 INTEGRAL COMPONENT OF THE AUTHORITY'S HUMAN
14 RESOURCES PROGRAM."

15 **SEC. 13.** A new section 18-B is hereby inserted to read as follows:

16 "SEC. 18-B. EXTRA COMPENSATION. – ALL RATED AND/OR
17 LICENSED AIRMEN AND SUCH OTHER PERSONS OF THE
18 AUTHORITY WHO MAY BE AUTHORIZED TO BOARD,
19 UNDERTAKE OR PERFORM REGULAR AND FREQUENT
20 FLIGHTS IN THE PERFORMANCE OF THEIR DUTIES, SHALL
21 RECEIVE, UPON APPROVAL OF THE AUTHORITY, IN
22 ADDITION TO THEIR BASE PAY, AN INCREASE IN
23 COMPENSATION OF AT LEAST FIFTY PERCENTUM (50%) OF
24 THEIR RESPECTIVE BASE PAY: *PROVIDED*, HOWEVER, THAT
25 THE NUMBER OF HOURS ACTUALLY FLOWN BY SUCH
26 AIRMEN AND AUTHORIZED PERSONNEL SHALL NOT BE LESS
27 THAN FOUR (4) PER MONTH: *PROVIDED, FURTHER*, THAT
28 THE AFOREMENTIONED INCREASE IN COMPENSATION
29 SHALL BE MANDATORY ONLY IN THE FIRST INSTANCE
30 FROM THE EFFECTIVITY OF THIS ACT: *PROVIDED, FINALLY*,
31 THAT FUTURE MANDATORY INCREASES IN THE
32 COMPENSATION OF THE RATED AND/OR LICENSED AIRMEN

1 **AND SUCH OTHER PERSONS OF THE AUTHORITY WHO MAY**
2 **BE AUTHORIZED TO UNDERTAKE OR PERFORM REGULAR**
3 **AND FREQUENT FLIGHTS IN THE PERFORMANCE OF THEIR**
4 **DUTIES, MAY BE INCREASED BY THE AUTHORITY ONLY IF**
5 **IT HAS SUFFICIENT BUDGET FOR THE SAME AND IF IT WILL**
6 **SERVE THE INTEREST OF THE AVIATION INDUSTRY AS A**
7 **WHOLE.”**

8 **SEC. 14.** A new section 18-C is hereby inserted to read as follows:

9 **“SEC. 18-C. EMPLOYMENT OF PERSONS FOR CONFIDENTIAL,**
10 **HIGHLY TECHNICAL AND POLICY DETERMINING POSITIONS**
11 **– THE DIRECTOR GENERAL MAY, MAKE APPOINTMENTS TO**
12 **CONFIDENTIAL, HIGHLY TECHNICAL, AND POLICY**
13 **DETERMINING POSITIONS AS MAY BE REQUIRED BY THE**
14 **FUNCTIONS AND RESPONSIBILITIES OF THE OFFICE.”**

15 **SEC. 15.** Section 21 of the same Act is hereby amended to read as follows:

16 “SEC. 21. Policies. – In the exercise and performance of its powers
17 and duties under this Act, the Authority shall consider the following,
18 among other things, as being in the public interest and in accordance
19 with the public convenience and necessity:

20 (a) x x x;

21 **(F) THE OBLIGATIONS OF THE PHILIPPINES AS A**
22 **CONTRACTING STATE TO THE CONVENTION ON**
23 **INTERNATIONAL CIVIL AVIATION, COMMONLY KNOWN**
24 **AS THE CHICAGO CONVENTION.”**

25 **SEC. 16.** Section 24 of the same Act is hereby amended and its subsections
26 duly renumbered, as follows:

27 “SEC. 24. Powers of the Board. – The Board shall have the following
28 general powers:

29 (a) x x x;

30 **(d) ANY LAW TO THE CONTRARY NOTWITHSTANDING,**
31 **ORGANIZE, RE-ORGANIZE, AND [D]determine the organizational**
32 **structure of the Authority in accordance with the provisions of this**

1 Act, establish a human resources management system based on
2 merit and fitness, **CREATE, TRANSFER, RE-ALIGN AND**
3 **ABOLISH OFFICES AND POSITIONS**, and adopt a rational
4 compensation and benefits scheme **EQUIVALENT TO THE**
5 **STANDARDS SET BY THE INTERNATIONAL CIVIL AVIATION**
6 **ORGANIZATION (ICAO);**

7 ~~[(e) Exercise appellate powers on any decisions, findings and rulings~~
8 ~~of the Director General, to issue subpoena ad testificandum or~~
9 ~~subpoena duces tecum requiring the attendance and testimony of~~
10 ~~witnesses in any matter or inquiry pending before the Board and~~
11 ~~require the production of books, papers, contracts, agreements and~~
12 ~~all other documents submitted for purposes of this section to be~~
13 ~~under oath and verified by the person in custody thereof as to the~~
14 ~~truth and correctness of data appearing in such books, papers,~~
15 ~~tariffs, contracts, agreements and all other documents;]~~

16 ~~[(f) Exercise appellate powers to order the taking of depositions in~~
17 ~~any proceeding, or investigation, pending before the Board at any~~
18 ~~stage of such proceeding or investigation;]~~

19 x x x

20 ~~[(j) Promulgate rules and regulations as may be necessary in the~~
21 ~~interest of safety in air commerce pertaining to the issuance of~~
22 ~~the airman's certificate including the licensing of operating and~~
23 ~~mechanical personnel, type certificate for aircraft, aircraft engines,~~
24 ~~propellers and appliances, airworthiness certificates, air carrier~~
25 ~~operating certificates, air agency certificates, navigation facility and~~
26 ~~aerodrome certificates; air traffic routes; radio and aeronautical~~
27 ~~telecommunications and air navigation aids; aircraft accident~~
28 ~~inquiries; aerodromes, both public and private owned; construction~~
29 ~~of obstructions to aerodromes; height of buildings; antennae and~~
30 ~~other edifices; registration of aircrafts; search and rescue; facilitation~~
31 ~~of air transports; operations of aircrafts, both for domestic and~~
32 ~~international, including scheduled and non-scheduled; meteorology~~

1 in relation to civil aviation; rules of the air; air traffic services; rules
2 for prevention of collision of aircrafts; identification of aircraft; rules
3 for safe altitudes of flight; and such other rules and regulations,
4 standards, governing other practices, methods and/or procedures as
5 the Director General may find necessary and appropriate to provide
6 adequately for safety regularity and efficiency in air commerce and
7 air navigation;]

8 x x x

9 ~~[(m) Adopt a system for the registration of aircraft as hereinafter
10 provided;]~~

11 x x x

12 ~~(q) [Upon its own initiative or the recommendation of the Director
13 General or an application of a private person, grant exemption from
14 the requirements of observing rules or regulations issued in
15 accordance with this Act: Provided, That said grant of exemption
16 is not prejudicial to flight safety;]~~

**APPROVE POLICY ON LOCAL
AND FOREIGN TRAVEL, AND THE CORRESPONDING
EXPENSES, ALLOWANCES, PER DIEMS OF OFFICERS,
EMPLOYEES, AGENTS OF THE AUTHORITY,
NOTWITHSTANDING THE PROVISIONS OF PRESIDENTIAL
DECREE NO. 1177, EXECUTIVE ORDER 292, EXECUTIVE
ORDER 248, AS AMENDED, EXECUTIVE ORDER 298, AND
SIMILAR LAWS;**

24 ~~(r) [Formulate rules and regulations concerning compliance of the
25 carrier and the public for the safe transport of goods and materials
26 by air pursuant to international standards or Annexes to the
27 Chicago Convention]~~ **EXERCISE THE POWER OF EMINENT
28 DOMAIN FOR THE PURPOSE OF THIS ACT IN THE MANNER
29 PROVIDED BY LAW, PARTICULARLY, THE PREREQUISITES
30 OF TAKING OF POSSESSION AND THE DETERMINATION AND
31 PAYMENT OF JUST COMPENSATION; and**

1 (s) [~~In coordination with the appropriate government agency tasked~~
2 ~~to provide airport security, shall:~~

3 ~~(1) Prescribe reasonable regulation requiring that all passengers~~
4 ~~and all property intended to be carried in the aircraft cabin in~~
5 ~~commercial air transport be screened by weapon-detecting~~
6 ~~procedure or facilities employed or operated by employees or~~
7 ~~agents of the air operator or foreign air operator prior to~~
8 ~~boarding the aircraft for such transportation;~~

9 ~~(2) Prescribe such other reasonable rules and regulations~~
10 ~~requiring such parties, methods and procedures as the~~
11 ~~Director General may find necessary to protect persons and~~
12 ~~property aboard aircraft operating in commercial air transport~~
13 ~~against acts of criminal violence and aircraft piracy; and~~

14 ~~(3) To the extent practicable, require uniform procedures for the~~
15 ~~inspection, detention, and search of persons and property in~~
16 ~~domestic commercial air transport and international~~
17 ~~commercial air transport to assure their safety and to assure~~
18 ~~that they will receive courteous and efficient treatment by air~~
19 ~~operators and their agents and employees.]~~

20 **PERFORM SUCH ACTS, THRU THE DIRECTOR GENERAL**
21 **OR APPROPRIATE OFFICE, CONDUCT SUCH**
22 **INVESTIGATION IN THE PERFORMANCE OF ITS**
23 **QUASI-JUDICIAL FUNCTIONS, AS IT SHALL DEEM**
24 **NECESSARY TO CARRY OUT THE PROVISIONS OF THIS**
25 **ACT.**

26 **IN EXERCISING THE POWERS GRANTED UNDER THIS**
27 **ACT, THE BOARD SHALL GIVE FULL CONSIDERATION**
28 **TO THE REQUIREMENTS OF NATIONAL DEFENSE,**
29 **COMMERCIAL AND GENERAL AVIATION, AND TO THE**
30 **PUBLIC RIGHT OF TRANSIT THROUGH NAVIGABLE**
31 **AIRSPACE."**

32 **SEC. 17.** Section 25 is hereby amended to read as follows:

1 "SEC. 25. Issuance of Rules and Regulations. - The [~~Board, in~~
2 ~~consultation with the~~] Director General, shall issue and provide for
3 the enforcement of such orders, rules and regulations as may be
4 necessary to give effect to the provisions of this Act. All rules and
5 regulations issued in accordance with the provisions of this Act shall
6 be formally promulgated and periodically reviewed and updated in
7 accordance with the requirements of the Administrative Code of the
8 Philippines or any amendment or successor thereto and the
9 International Civil Aviation Organization Standards and
10 Recommended Practices. Pending the promulgation of such new
11 rules and regulations, the current rules and regulations of the ATO
12 shall continue to apply."

13 **SEC. 18.** Section 26 of the same Act is hereby amended to read as follows:

14 "SEC. 26. Setting of Charges and Fees. - The Board, after
15 consultation with the Director General, and after public hearing, shall
16 determine, fix, impose, collect or receive reasonable charges, fees,
17 dues or assessments in respect of aviation certificates, licenses and
18 all other authorizations or permissions authorized to be issued under
19 this Act and all services performed by the Authority **BASED ON THE**
20 **PRINCIPLE OF COST RECOVERY AT AN AGGREGATE LEVEL.**
21 All charges and fees shall be formally promulgated in accordance
22 with the requirements of the Administrative Code of the Philippines
23 or any amendment or successor thereto. [~~Pending the promulgation~~
24 ~~of such new schedule of charges and fees, the current charges and~~
25 ~~fees of the ATO shall continue to apply]."~~

26 **SEC. 19.** Section 27 of the same Act is hereby amended to read as follows:

27 "SEC. 27. Issuance of Rules of Procedure and Practice. - The [~~Board~~
28 ~~may authorize the~~] Director General [~~to~~] shall issue or amend rules
29 of procedures and practice **BEFORE THE AUTHORITY IN**
30 **RELATION TO ITS REGULATORY FUNCTION** as may be required
31 to be issued pursuant to the provisions of this Act or issue and adopt
32 rules and regulations [~~and other~~] **TO IMPLEMENT THE**

1 **REGULATORY** issuances of the ICAO. [~~Pending the promulgation of~~
2 ~~such new rules of procedures and practice, current rules of~~
3 ~~procedures and practices of the ATO shall continue to apply.]”~~

4 **SEC. 20.** Section 28 of the same Act is hereby amended to read as follows:

5 “**SEC. 28. Appellate [Powers] JURISDICTION** – [~~The Board, on an~~
6 ~~appeal properly taken by an interested party from a decision,~~
7 ~~judgment or order of the Director General, shall have the power to:~~

8 —(a) ~~Review, confirm, modify, revise, amend or reverse, as the~~
9 ~~case may be, decisions, judgments and/or orders of the Director~~
10 ~~General;~~

11 —(b) ~~Confirm, remit, mitigate, increase or compromise, as the~~
12 ~~case may be, fines imposed by the Director General pursuant with~~
13 ~~the provisions of this Act; and~~

14 —(c) ~~Review, confirm, modify, revise, amend or reverse, as the~~
15 ~~case may be, impositions by the Director General of liens on personal~~
16 ~~and real properties of entities, persons, corporations or partnerships~~
17 ~~in default, or those who have failed to — perform their obligations~~
18 ~~pursuant to rules and regulations promulgated under this Act, or~~
19 ~~those who shall have failed to pay the fines or other pecuniary~~
20 ~~penalties for violation thereof.~~

21 —~~In no case that the Director General shall participate in the~~
22 ~~hearing and adjudication — of an appealed case before the Board~~
23 ~~where the subject of appeal is a judgment or decision rendered by~~
24 ~~his office. In such case, it requires four (4) concurring votes of the~~
25 ~~members of the Board who actively participated in the deliberation of~~
26 ~~the appealed case before the judgment or decision of the Director~~
27 ~~General can be modified or reversed.]~~

28 **ALL DECISIONS, RULINGS, RESOLUTIONS OF THE BOARD**
29 **AND THE DIRECTOR GENERAL SHALL BE APPEALABLE TO**
30 **THE COURT OF APPEALS.”**

31 **SEC. 21.** Section 40 of the same Act is hereby amended to read as follows:

1 "SEC. 40. Creation of Flight Standards Inspectorate Service. - (a) The
2 ~~[Board, other than the offices it shall create in furtherance of this~~
3 ~~Act, shall establish a permanent office known as the]~~ Flight
4 Standards Inspectorate Service (FSIS) ~~[that]~~ will assist the Director
5 General in carrying out the responsibilities of his office for
6 certification and ongoing inspections of aircraft, airmen and air
7 operators.

8 The FSIS shall perform the following functions:

- 9 (1) Airworthiness inspection;
10 (2) Flight operations inspection and evaluation; and
11 (3) Personnel licensing."

12 ~~[Furthermore, the Board shall create, but not limited to, the~~
13 ~~following offices which will provide support to the functions of the~~
14 ~~FSIS, namely: Aircraft Registration, Aircraft Engineering and~~
15 ~~Standards, Airmen Examination Board and Office of the Flight~~
16 ~~Surgeon.]~~

17 **SEC. 22.** Section 73 of the same Act is hereby amended to read as follows:

18 "SEC. 73. Statutory Lien **AND POWER TO DETAIN.** – The Director
19 General ~~[, after complying with the required legal formalities~~
20 ~~provided by law,]~~ shall have the power to impose lien on **AND**
21 **DETAIN** aircraft and machinery:

- 22 (a) If the charges and other fees are not paid in full on due date or
23 any part of the charges or the late payment penalty thereto remains
24 unpaid; and
25 (b) Failure to pay administrative fines arising from violation of any
26 rules and regulations promulgated by the Authority."

27 **SEC. 23.** *Separability Clause.* – If any provision of this Act is declared invalid
28 or unconstitutional, the other provisions not affected thereby shall continue to be in
29 full force and effect.

30 **SEC. 24.** *Repealing Clause* – All laws, decrees, executive orders, rules and
31 regulations and other issuances or part thereof, which are inconsistent with this Act,
32 are hereby repealed, amended, or modified accordingly.

1 **SEC. 25. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after
2 its publication in the Official Gazette or in any newspaper of the general circulation.

Approved,