

[REPUBLIC ACT NO. 9039, March 21, 2001]

AN ACT GRANTING THE AIR MABUHAY CORPORATION A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN DOMESTIC AND INTERNATIONAL AIR TRANSPORT SERVICES FOR THE CARRIAGE OF PASSENGERS, MAILS, GOODS AND PROPERTY, AND OTHER ALLIED SERVICES

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

SECTION 1. *Nature and Scope of Franchise.* — Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Air Mabuhay Corporation, hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate and maintain air transport services for the carriage of passengers, mails, goods and property, both domestic and international.

Air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminal and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. *Civil Aeronautics Board.* — The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulations by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven Hundred and Seventy-Six, and the regulations promulgated thereunder from time to time.

SEC. 3. *Responsibility to the Public.* — Excepting in cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. *Rates for Services.* — The grantee shall fix just and reasonable rates for the transportation of passengers, mails, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the government.

SEC. 5. *Term of Franchise.* — This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or canceled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- a. Commence operations within one (1) year from the approval of its permits by the Civil Aeronautics Board;
- b. Operate continuously for two (2) years; and
- c. Commence operations within two (2) years from the effectivity of this Act.

SEC. 6. *Acceptance and Compliance.* — Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

SEC. 7. *Bond.* — The grantee shall file a bond issued in favor of the Civil Aeronautics Board, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 8. *Landing Facilities.* — The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine government may impose: *Provided,* That the Philippine government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 9. *Contracts.* — The grantee is authorized to enter into transportation contracts with the Philippine government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 10. *Right of Government.* — A special right is hereby reserved to the President