

MALACAÑANG  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

**EXECUTIVE ORDER NO. 778**

**CREATING THE MANILA INTERNATIONAL AIRPORT AUTHORITY, TRANSFERRING EXISTING ASSETS OF THE MANILA INTERNATIONAL AIRPORT TO THE AUTHORITY, AND VESTING THE AUTHORITY WITH POWER TO ADMINISTER AND OPERATE THE MANILA INTERNATIONAL AIRPORT**

WHEREAS, the Manila International Airport as the principal airport of the Philippines for both international and domestic air traffic, is required to provide standards of airport accommodation and service comparable with the best airports in the world;

WHEREAS, domestic and other terminals, general aviation and other facilities, have to be upgraded to meet the current and future air traffic and other demands of aviation in Metro Manila;

WHEREAS, a management and organization study has indicated that the objectives of providing high standards of accommodation and service within the context of a financially viable operation, will best be achieved by a separate and autonomous body;

WHEREAS, under Presidential Decree No. 1416, as amended by Presidential Decree No. 1772, the President of the Philippines is given continuing authority to reorganize the National Government, which authority includes the creation of new entities, agencies and instrumentalities of the Government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, and pursuant to the authority vested in me by Presidential Decree No. 1416, as amended, do hereby order:

**SECTION 1. Title.** – This Executive Order shall be known as the “Charter of the Manila International Airport Authority.”

**SEC. 2. Definitions.** – For the purpose of this Executive Order, the terms used herein shall have the following meaning:

(a) “AUTHORITY” shall mean the Manila International Airport Authority;

(b) “BOARD” shall mean the Board of Directors of the AUTHORITY appointed by the President under Section 7 of this Executive Order;

(c) “AIRPORT” shall mean the new Manila International Airport, including the Manila Domestic Airport, and all its installations, facilities and equipment, and such other airports as may, in the future, be constructed and, administered by the AUTHORITY.

**SEC. 3. Creation of the Manila International Airport Authority.** – There is hereby established a body corporate to be known as the Manila International Airport Authority which shall be attached to the

Ministry of Transportation & Communications. The principal office of the AUTHORITY shall be located at the new Manila International Airport. The AUTHORITY may have such branches, agencies or subsidiaries as it may deem proper and necessary.

**SEC. 4. Purposes and Objectives.** – The AUTHORITY shall have the following purpose and objectives:

(a) To encourage and promote international and domestic air traffic in the Philippines as a means of (i) making the Philippines a center of international trade and tourism, (ii) unifying the diverse ethnic groups throughout the Philippine archipelago, and (iii) accelerating the development of the means of transportation and communications in the country;

(b) To formulate internationally acceptable standards of airport accommodation and service; and

(c) To upgrade international and domestic air terminals as well as general aviation and other facilities.

**SEC. 5. Functions, Powers and Duties.** – The AUTHORITY shall have the following functions, powers and duties:

(a) To formulate, in coordination with the Bureau of Air Transportation and other appropriate government agencies, a comprehensive and integrated policy and program for the AIRPORT and other airports in the Philippines, subject to the approval of the Minister of Transportation and Communications, and to implement, review and upgrade such policy and program periodically;

(b) To control, supervise, construct, maintain, operate and provide such facilities or services as shall be necessary for the efficient functioning of the AIRPORT;

(c) To promulgate rules and regulations governing the planning, development, maintenance, operation and improvement of the AIRPORT, and to control and supervise the construction of any structure or the rendition of any service within the AIRPORT;

(d) To sue and be sued in its corporate name;

(e) To adopt and use a corporate seal;

(f) To succeed by its corporate name;

(g) To adopt its By-Laws, and to amend or repeal the same from time to time;

(h) To execute or enter into contracts of any kind or nature;

(i) To acquire, purchase, own, administer, lease, mortgage, sell or otherwise dispose of any land, building, airport facility, or property of whatever kind and nature, whether movable or immovable, or any interest therein;

(j) To exercise the power of eminent domain in the pursuit of its purposes and objectives;

(k) To levy and collect dues, charges, fees or assessments for the use of the AIRPORT premises, works, appliances, facilities or concessions, or for any service provided by the AUTHORITY, subject to

the approval of the Minister of Transportation & Communications in consultation with the Minister of Finance;

(l) To invest its idle funds, as it may deem proper, in government securities and other evidences of indebtedness;

(m) To provide services, whether on its own or otherwise, within the AIRPORT and the approaches thereof, which shall include but shall not be limited to, the following:

– aircraft movement and allocation of parking areas of aircraft on the ground;

– loading or unloading of aircraft;

– passenger handling and other service directed towards the care, convenience and security of passengers, visitors and other airport users; and

– sorting, weighing, measuring, warehousing or handling of baggages and goods.

(n) To perform such other acts and transact such other business, directly or indirectly necessary, incidental or conducive to the attainment of the purposes and objectives of the AUTHORITY, including the adoption of necessary measures to remedy congestion in the AIRPORT; and

(o) To exercise all the powers of a corporation under the Corporation Law, insofar as these powers are not inconsistent with the provisions of this Executive Order.

**SEC. 6. Police Authority.** – The AUTHORITY shall have the power to exercise such police authority as may be necessary within its premises or area of operation to carry out its functions and attain its purposes and objectives, without prejudice to the exercise of functions within the same premises by the Ministry of National Defense through the Aviation Security Command (AVSECOM) as provided in LOI 961; PROVIDED, That the AUTHORITY may request the assistance of law enforcement agencies, including request for deputization as may be required. Such police authority shall be exercised in connection with the following, among others:

(a) Maintenance of security to passengers, cargoes, aircraft, airport equipment, structures, facilities, personnel, funds and documents;

(b) Regulating the entry to, exit from and movement within the AIRPORT;

(c) Maintenance of peace and order within the premises of the AUTHORITY in coordination with local police authorities and other authorized peace-keeping entities within the AIRPORT;

(d) Regulation and supervision of private security agencies operating in the Airport; and

(e) Enforcement of rules and regulations promulgated by the Authority pursuant to law.

**SEC. 7. Board of Directors.** – The corporate powers of the Authority shall be exercised by and vested in a Board of seven (7) members, which shall be composed of a Chairman, a Vice-Chairman and five (5) members. The Minister of Transportation and Communications shall be the ex-officio Chairman of the Board. The General Manager of the Authority shall be the ex officio Vice-Chairman of the

Board. The Minister of Finance, Minister of Tourism, the Presidential Executive Assistant, the Chief of Staff-Armed Forces of the Philippines, and the Commissioner of Immigration and Deportation shall be ex officio members.

In the absence of the Chairman, the Vice-Chairman shall act as Chairman. The Chairman, the Vice-Chairman and the Board members may designate their respective representatives to attend Board Meetings in their absence. Such representatives shall attend Board meeting and the meetings of any committee assigned to their principals, and receive the corresponding per diems.

The Board shall meet regularly once a month and as often as the exigencies of the service demand. The presence of at least four (4) members or their representatives shall constitute a quorum, and the vote of a majority of the members or representatives present there being a quorum shall be necessary for the adoption of any rule, regulation, resolution, decision or any other act of the Board.

The Members of the Board or their representatives shall receive per diems, as the Board may approve, for each Board meeting actually attended by them: Provided, That such per diem shall not exceed ONE THOUSAND PESOS (P1,000.00) during any one (1) month for each member or representative.

**SEC. 8. Functions, Powers and Duties of the Board.** – Without prejudice to the powers vested in the Board by virtue of the other Sections herein, the Board shall have the following functions, powers and duties:

(a) To define and approve the programs, plans, policies, procedures and guidelines of the Authority for the development and operations of the Airport within the context of the over-all Government objectives, and to control the management, operation and administration of the Authority;

(b) To recommend to the President of the Philippines, for appointment, a General Manager of the Authority who shall be the Chief Executive Officer of the Authority;

(c) To approve the Authority's organizational and administrative structure, staffing pattern, operating and capital expenditures, and financial budgets, prepared in accordance with the corporate plan of the Authority, upon recommendation of the General Manager;

(d) To approve salary ranges, benefits and other terms and conditions of service for all officers and employees of the Authority, upon recommendation of the General Manager, which shall, as far as possible, be competitive with those offered in the private sector, subject to existing laws, rules and regulations;

(e) To fix the rate of dues, charges, fees or assessments for the use of the Airport premises, works, appliances, facilities, concessions, services and other fees and charges related to the activities of the Airport, upon recommendation of the General Manager; and

(f) Generally, to exercise all the functions and powers necessary or incidental to attain the purpose and objectives of this Executive Order.

**SEC. 9. Functions, Powers and Duties of the General Manager.** – The General Manager shall be directly responsible to the BOARD, and shall have the following functions, powers and duties:

(a) To direct and supervise the management, operation and administration of the AUTHORITY so as to provide international standards of service to airport users, and to ensure its financial stability in accordance with the programs, plans, policies, procedures and guidelines of the BOARD;

(b) To undertake, researches, studies, investigations, and other activities related to the present operations and future development requirements of the AIRPORT, on his own initiative or upon instructions of the BOARD, and to submit comprehensive reports and appropriate recommendations to the BOARD for its information and action;

(c) To appoint, transfer, suspend, remove or otherwise discipline any subordinate officer or employee of the AUTHORITY, subject to the approval of the BOARD;

(d) To establish and maintain a system, in coordination with the appropriate government offices and agencies, for the regular and prompt dissemination of financial, statistical and other relevant data within the AUTHORITY and to the BOARD;

(e) Within the limits of the authority delegated to him by the BOARD, to execute contracts, incur obligations, acquire and dispose of assets, and deliver documents, on behalf of the AUTHORITY;

(f) To implement and enforce decisions, orders, rules and regulations issued, prescribed or adopted by the BOARD;

(g) To perform such other duties as the BOARD may delegate or assign, and such acts as may be necessary and proper to implement this Executive Order.

**SEC. 10. Capital.** – The capital of the AUTHORITY to be contributed by the National Government shall be TEN BILLION PESOS (P10,000,000,000.00). The initial capital shall consist of:

(a) The value of fixed assets (Including airport facilities, runways and equipment) and such other properties, movable and immovable, which may be contributed by the National Government or transferred by it from any of its agencies, as valued on the date of such contribution or transfer after making due allowance for depreciation and other deduction or taking into account the loans and other liabilities of the AUTHORITY at the time of the takeover.

(b) The value of such real estate owned and administered by the Manila International Airport;

(c) The value of the net current assets (including stocks and receivables less prepaid payables and accrued expenses) and such cash amount as may be deemed as appropriate initial balance. Such initial cash amount, as approved by the President of the Philippines, shall be more or less equivalent to six (6) months working capital requirements of the AUTHORITY, and shall be appropriated out of the funds of the National Treasury or the current budget of the Bureau of Air Transportation.

Thereafter, the government contribution to the capital of the AUTHORITY shall be provided for in the General Appropriations Act.

**SEC. 11. Auditor.** – The Chairman of the Commission on Audit, shall be the ex officio Auditor of the AUTHORITY. For this purpose, he may appoint a representative who shall be the auditor of the AUTHORITY, together with the necessary personnel to assist said representative in the performance of his duties. The number and salaries of the auditor and said personnel shall be determined by the

Chairman of the Commission on Audit, subject to rules and regulations of the Commission on Audit. Said salaries and all other expenses of maintaining the auditor's office shall be paid by the AUTHORITY.

The Auditor shall, as soon as practicable, but not later than three (3) months after the accounts have been submitted to audit, send an annual report to the BOARD. The Auditor may also submit such periodic or special reports as the BOARD may deem necessary.

**SEC. 12. Legal Counsel.** – The Government Corporate Counsel shall be the Legal Counsel of the AUTHORITY. For the performance of his duties and the services of the Legal Staff of the Office of the Government Corporate Counsel, the BOARD shall appropriate, and the General Manager shall remit, such amount as shall be determined by the Government Corporate Counsel.

**SEC. 13. Annual Report.** – The BOARD shall submit to the President of the Philippines through the Ministry of Transportation and Communications, together with the audit report on the relevant accounts, an annual report generally dealing with the activities and operations of the AUTHORITY.

**SEC. 14. Applicability of Civil Service Laws.** – The AUTHORITY AND ITS officials and employees shall be subject to the Civil Service law and its rules and regulations.

**SEC. 15. Borrowing Power.** – The AUTHORITY may, after consultation with the Central Bank of the Philippines and Minister of Finance, with the approval of the President of the Philippines, as recommend by the Minister of Transportation and Communications, raise funds, either from local or international sources, by way of loans, credits or securities, and other borrowing instruments, with the power to create pledges, mortgages and other voluntary liens or encumbrances on any of its assets or properties.

All loans contracted by the AUTHORITY under this Section, together with all interest and other sums payable in respect thereof, shall constitute a charge upon all the revenues and assets of the AUTHORITY and shall rank equally with one another, but shall have priority over any other claim or charge on the revenue and assets of the AUTHORITY: Provided, That this provisions shall not be construed as a prohibition or restriction on the power of the AUTHORITY to create pledges, mortgages and other voluntary liens or encumbrances on any of its assets or property of the AUTHORITY.

Except as expressly authorized by the President of the Philippines, the total outstanding indebtedness of the AUTHORITY in the principal amount, in local and foreign currency, shall not at any time exceed the net worth of the AUTHORITY at any given time.

The Minister of Finance, may guarantee, in the name and on behalf of the Republic of the Philippines, the payment of the loans or other indebtedness of the AUTHORITY up to the amount herein authorized, subject to the approval of the President of the Philippines.

**SEC. 16. Increase or Decrease of Rates.** – The AUTHORITY may increase or decrease the rates of the dues, charges, fees or assessments collectible by the AUTHORITY to protect the interest of the Government and to provide a satisfactory return on the AUTHORITY's assets, and may adjust the schedule of such rates so as to reflect the cost of facilities or services provided or rendered. The AUTHORITY may periodically review all dues, charges, fees or assessments collectible by the AUTHORITY, and shall make such adjustments to the schedule of rates as shall adequately reflect

any increase in price levels and (in the case of concession rentals) of volume of traffic through the AIRPORT.

**SEC. 17. Competitive Tender.** – The General Manager shall, as far as practicable, grant permits or concessions to trade or business within the areas controlled by the AUTHORITY to the highest bidder after a competitive public bidding: Provided, That the bidding requirements may be waived in the case of banks, branches of post office, Bureau of Telecommunications and those who are engaged in airline operations.

The General Manager shall require such permittees or concessionaires to provide goods or services acceptable under international standards and at such prices similar to goods or services in Metropolitan Manila or airports in other countries: Provided, That such final awards of permits or concessions to successful bidders shall be subject to the approval of the BOARD.

**SEC. 18. Tax Exemption.** – The AUTHORITY shall be exempt from the payment of corporate income taxes. The AUTHORITY shall likewise be exempt from realty taxes imposed by the National Government or any of its political subdivisions, agencies and instrumentalities: Provided, That no tax exemption herein granted shall extend to any subsidiary which may be organized by the AUTHORITY.

**SEC. 19. Transfer of Existing Facilities and Intangible Assets.** – All existing public airport facilities, runways, lands, buildings and other property, movable or immovable, belonging to the AIRPORT, and all assets, powers, rights, interests and privileges belonging to the Bureau of Air Transportation relating to airport works or air operations, including all equipment which are necessary for the operation of air navigation, air traffic control and crash fire and rescue facilities, are hereby transferred to the AUTHORITY, subject to such terms as may be agreed upon by and between the AUTHORITY and the Bureau of Air Transportation.

**SEC. 20. Projects in Progress.** – All ongoing projects relating to the construction of airport facilities shall be continued by the agency or agencies involved until completion. Thereafter, such projects shall be transferred to the AUTHORITY, in accordance with agreement among agencies concerned. Any disagreement, relating to such transfer, shall be submitted to the President of the Philippines for final decision.

**SEC. 21. Transfer of Liabilities and Debts.** – Upon the transfer to and acceptance by the AUTHORITY of the existing physical facilities, intangible assets and completed projects referred to in the preceding sections, all debts, liabilities, and obligations of the Bureau of Air Transportation and other government agencies or entities concerned in respect of such physical facilities, tangible assets and completed projects within the AIRPORT, shall likewise be assumed by the AUTHORITY.

**SEC. 22. Abolition of the Manila International Airport as a Division in the Bureau of Air Transportation and Transitory Provisions.** – The Manila International Airport including the Manila Domestic Airport under the Bureau of Air Transportation is hereby abolished.

The AIRPORT General Manager of the abolished Manila International Airport shall continue in office and shall perform all powers and functions of the AUTHORITY until such time as a General Manager is appointed for the smooth transfer of responsibility from the abolished entity to the AUTHORITY, as well as the determination of the personnel to be retained: Provided, That, all officials and employees whose services are terminated shall, if not eligible for retirement, be given gratuities equivalent to one (1) month's salary for every year of continuous satisfactory service but not

exceeding twelve (12) months, on the basis of the highest salary received, in addition to other benefits accorded to them by existing laws.

**SEC. 23. Repealing Clause.** – All laws, executive orders, letters of instructions, rules and regulations, or provisions thereof, which are inconsistent with the provisions of this Executive Order are hereby repealed, amended or modified accordingly.

**SEC. 24. Separability Clause.** – The provisions of this Executive Order are hereby declared separable. If any portion thereof shall be held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions which shall remain in full force and effect.

**SEC. 25. Effectivity.** – This Executive Order shall take effect immediately.

DONE in the City of Manila, Philippines, this 4th day of March in the year of Our Lord nineteen hundred and eighty-two.

(Sgd.) FERDINAND E. MARCOS  
President of the Philippines

By the President:

(Sgd.) JUAN C. TUVERA  
Presidential Executive Assistant