

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 386

POOLING ALL GOVERNMENT-OWNED CIVIL AIRCRAFT AND  
PROVIDING OPERATIONAL AND FINANCIAL CONTROL  
PROCEDURES THEREFOR.

WHEREAS, a number of government agencies, instrumentalities and government-owned or -controlled corporations own several aircraft;

WHEREAS, it is a desirable policy to promote the sharing of use of these aircraft among the owners themselves, as well as with other government entities that do not own aircraft;

WHEREAS, such sharing will lead to savings on outlays for additional aircraft, and reduce effective operating costs and maintenance and overhaul expenses; and

WHEREAS, such sharing can best be promoted by a centrally-operated aircraft pooling system;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, pursuant to the powers vested in me by law, do hereby establish a system of pooling for government civil aircraft, to be constituted, organized, and operated as follows:

1. Aircraft Pool

- a. All aircraft owned by government civilian agencies, instrumentalities, or government-owned or -controlled corporations, authorities, or financial institutions shall constitute the government aircraft pool. Any aircraft acquired by a government civilian agency, instrumentality or government-owned or -controlled corporation or financial institution in the future shall likewise become part of the pool effective on the date of acquisition.

For this purpose "acquisition" or "ownership" shall include leases of aircraft for a period of



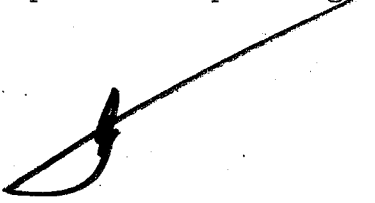
six (6) months or longer.

- b. Military aircraft are specifically excluded from the aircraft pool. Existing rules shall continue to govern their use.
- c. Civil government entities that do not own aircraft are required to avail of aircraft from the pool whenever chartered aircraft are needed for official use. The use of private commercial aircraft shall be resorted to only when no appropriate aircraft is available from the government pool.
- d. No acquisition of new aircraft by any government agency shall be considered if the pool can adequately provide the transport service required. If purchase of a new aircraft is justified and approved, priority shall be given to acquisition from the aircraft inventory of the Philippine Aerospace Development Corporation (PADC). Only when PADC cannot provide the unit required shall importation from abroad be authorized. For this purpose, all requests for acquisition of aircraft by civil government agencies shall be coursed through PADC before being presented to the appropriate authority for approval.

2. Concept of Pooling

There shall be pooling in the sense of providing, through a centralized scheduling and financial clearing house system, the service of the aircraft and flight crew whenever they are not used by the owner itself. Physical pooling and central ownership of all aircraft is not required.

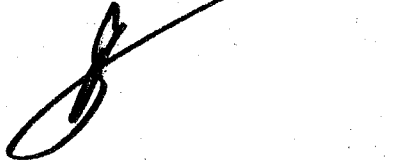
3. Responsibility for Operations

- a. The pooling system shall be established and operated by the PADC. The PADC is hereby authorized to collect fees from the operations of the service, sufficient to defray the expenses of operating the pooling system.
- 

- b. The Bureau of Telecommunications, the Civil Aeronautics Administration, and the Philippine Air Force shall assist the PADC in operating the pooling system, particularly in establishing the communications requirement of the system. The Philippine Atmospheric Geophysical Astronomical Service Administration shall provide the system with timely weather information.

4. Operational and Financial Control Procedures

The PADC, in consultation with aircraft owning agencies, the Commission on Audit, and the Budget Commission, is hereby authorized to establish such operational and financial control procedures as are necessary to operate the pooling system, within the following terms of reference:

- a. Utilization of aircraft shall strictly be for official use only.
  - b. Priority of Use - Under normal circumstances, the owner-agency shall have priority of use over its own aircraft. The owner-agency, however, shall endeavor to make available its aircraft and flight crew to other agencies in the maximum amount of time possible, in the spirit of the pooling objectives enumerated above. In case of emergency, the President of the Philippines or his designated representative shall have the authority to assign priority of use for any aircraft.
  - c. Aircraft Availability - All government-owned civil aircraft and their flight crews shall be made available by aircraft owners to other agencies whenever these are not being used by the owners themselves. The operational system shall provide for a reporting procedure to establish such availability, at least on a daily basis.
- 

- d. Reimbursement of Costs - User agencies shall reimburse the owner-agencies for operating expenses incurred in their flights, and such other indirect expenses as may be reasonable to reimburse. The formula for establishing this reimbursement rate shall be determined by PADC in consultation with the owners of the aircraft. PADC shall establish and operate a clearing system for the collection of cost reimbursements.

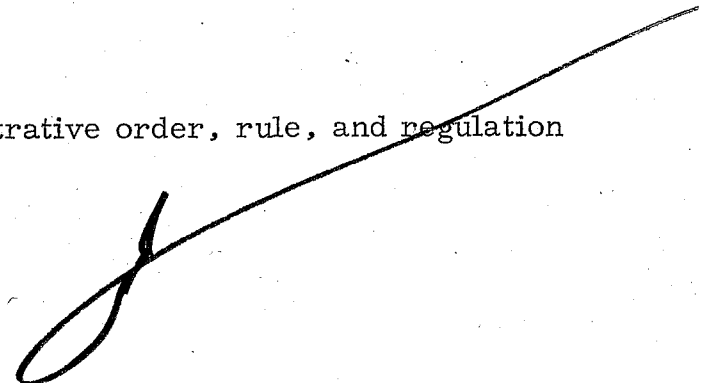
The set of procedures attached hereto as "Annex A" and made an integral part hereof shall serve as the initial operational and financial control procedures for the system. Revisions of and/or additions to these control procedures may be made and promulgated by PADC from time to time in consultation with the members of the pool and with the appropriate government agencies, subject to the foregoing terms of reference.

5. Records and Reports

PADC shall maintain a record of utilization of each aircraft by the pool, and such other records as may be necessary to maintain the system and assess its effectivity. Reports shall be rendered to this Office, the first one to be submitted ninety (90) days from the date of effectivity of this Order, and periodically every three (3) months thereafter.

6. Repealing Clause

Any administrative order, rule, and regulation

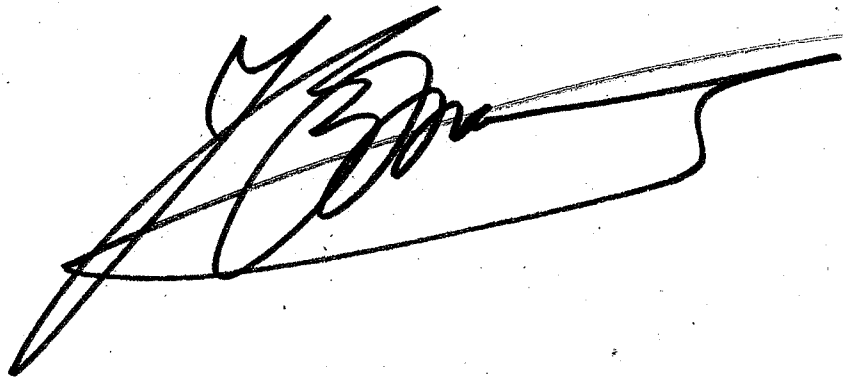


inconsistent with this Order is hereby modified accordingly.

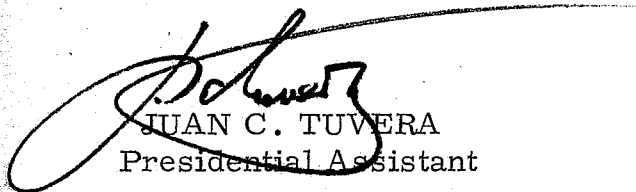
7. Effectivity

This Order shall take effect thirty (30) days from its issuance.

Done in the City of Manila, this 10th day of July in the year of Our Lord, nineteen hundred and seventy-six.

A large, stylized handwritten signature in black ink, likely belonging to the President, is written across the middle of the page.

By the President:

A handwritten signature in black ink, which appears to read "J. Tuviera", is written above the typed name and title.

JUAN C. TUVIERA  
Presidential Assistant

Office of the President  
of the Philippines  
Malacañang

ANNEX A

To Administrative Order No. 386

I. DAMAYAN AIR OPERATIONS CENTER

There is hereby established an air operations center to implement the operational and financial procedures of the government aircraft pool. The operations center shall be called "Damayan Air Operations Center" and shall be under the control and supervision of the Philippine Aerospace Development Corporation (PADC).

II. OPERATIONAL PROCEDURES

A. Reporting Procedures

1. All civilian government agencies and instrumentalities, including government owned and controlled corporations which own aircraft, and therefore members of this pool, are required to submit to Damayan Air Operations Center a monthly report on the status and availability of their respective aircraft and flight crew. Aside from this monthly report, an updated daily report on such status and availability of the aircraft for a 24-hour period shall be submitted not later than 8:00 p.m. of each day. This daily report shall bind the owner as to the aircraft status or availability for the ensuing 24-hours.
  2. Damayan Air Operations Center shall be immediately notified of any material change of any previously reported status and/or availability of aircraft and flight crew.
  3. Damayan Air Operations Center shall furnish each aircraft owner a monthly summary report of its aircraft operation undertaken thru the pool.
  4. Damayan Air Operations Center shall publish and disseminate to all aircraft owners and potential users information on the types of aircraft available in the pool, the rates charged per aircraft, and a directory of owners, including their telephone numbers, as well as that of the operations center.
- W.T.G.

B. Scheduling Preferences and Procedures

1. All users of government aircraft shall course their request for aircraft use to Damayan Air Operations Center; such request shall, for technical planning purpose, be transmitted to Damayan Air Operations Center as early as possible but not later than 12-hours prior to the proposed time of departure.
2. The user agency is free to make its choice of aircraft. However, Damayan Air Operations Center shall recommend the available aircraft appropriate to the Mission, considering operational parameters such as destination, meteorological operating conditions and other technical operational requirements.

C. Facilities

Damayan Air Operations Center shall provide operating facilities for the pooling system as follows:

1. Flight Follow and Dispatch - Damayan Air Operations Center shall perform all flight dispatches and shall maintain an up-to-date flight watch information on all pool member aircraft under its supervision. The system will be tied-up with Bureau of Telecommunications, Civil Aeronautics Administration and Philippine Air Force nets. Commercial civilian radio nets will also be utilized as available.
2. Priority for aircraft use other than priority use by the owner-agency shall under normal circumstances, be set by Damayan Air Operations Center.

In case of emergency or when circumstances so warrant, the President of the Philippines or his designated representative, shall have authority to assign priority of use of any aircraft.

3. Damayan Air Operations Center shall provide reliable terminal/destination, meteorological information to aircraft owners, determine the operational feasibility of releasing a flight and provide a reliable communications network and links between aircraft owners and the

W. G.

Operations Center.

4. All flight departure and arrival points shall be at the area of the aircraft owners which have their own hangarage facilities. Otherwise, departure and arrival point shall be at PADC Hangar.

### III. FINANCIAL PROCEDURES

#### A. Determination of Usage Rates

The rate to be charged for the use of the aircraft will be determined by PADC in consultation with the aircraft owners and will cover variable costing and contribution to fixed cost of the owner.

#### B. Insurance of the Aircraft

Aircraft owners shall insure their respective aircraft up to the following insurance coverage:

1. Passenger liability of ₱50,000 for each passenger
2. Third party liability of ₱1,000,000

#### C. Requirements for Use of aircraft and payment and billing of cost:

1. All usage of aircraft should be covered by an approved Travel Order signed by agency head or authorized representative. PADC will undertake the billings and collections of charges for owner agencies.

#### D. Accounting Procedures

1. Upon the completion of every flight, Damayan Air Operations Center shall send to the user agency a debit memo together with the following:
  - a. Copy of Travel Order
  - b. Pilot trip report
  - c. Flight manifest

*mtg*



2. Remittance of Cost Reimbursements to Owner Agencies

On every 20th day of each month, Damayan Air Operations Center shall submit, together with the report mentioned in Paragraph IA<sup>4</sup> hereof, a usage summary of each aircraft and the cost reimbursements earned, less service charges, which cost reimbursement earned shall be covered by a credit memo, a copy of which shall be sent to aircraft owner not later than the end of the month. Exceptions thereto and/or notice of discrepancies to the aircraft owner shall be submitted not later than the 7th day of the following month. Damayan Air Operations Center shall remit payments to the owners one week later or before the 15th day of the month.

In cases where an aircraft owner uses an aircraft owned by another agency, such usage will be governed by the aforementioned regular billing procedures. However, instead of remitting actual payments, Damayan Air Operations Center will send debit memos together with the monthly usage summary, indicating which charges shall be compensated against cost reimbursements earned, if any. In the absence of cost reimbursements due it, the user agency shall pay, not later than 15 days after receipt of debit memo, the charges due."

E. Flight Aborts/Uncompleted Mission

If for one reason or another a flight is discontinued, cut short or has by-passed its destination, the assignment of usage charges shall be determined as follows:

1. Aircraft Owner Agency

If the reason or cause of flight abort is mechanical or technical trouble attributable to the aircraft or to the flight crew, then the user agency shall not be charged the charter rate. The aircraft owner assumes the cost.

2. PADC-Damayan Air Operations Center

If the reason or cause of the flight abort or by-pass is due to adverse meteorological conditions or non-

*10/6'*

operational airport facilities not reflected on the information furnished by the Damayan Air Operations Center to the agency concerned, PADC-Damayan Operations Center shall assume the cost.

3. Aircraft User Agency

If despite the existing conditions mentioned in paragraph E2 above, the user agency insists on the flight and that no obvious violation of flight safety is involved, and a flight abort or destination by-pass results, the user agency shall assume the reimbursement costs.

*Handwritten initials/signature*