

**MANILA INTERNATIONAL AIRPORT AUTHORITY, PETITIONER, VS.
AIRSPAN CORPORATION, LBC EXPRESS INC., A. SORIANO AVIATION,
INC., FLYING MEDICAL SAMARITANS, INC., ABOITIZ AIR
TRANSPORT ...**

G.R. No. 157581. December 01, 2004

Ponente: QUISUMBING, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-157581/>

QUISUMBING, J.:

For review on certiorari is the Decision,[1] dated February 17, 2003, of the Regional Trial Court of Makati City, Branch 58, in Civil Case No. 99-1293. The said Decision nullified herein petitioner's Resolutions Nos. 98-30 and 99-11 for want of notice and public hearing.

The undisputed facts are as follows:

Petitioner Manila International Airport Authority (MIAA) is a government-owned and controlled corporation created on March 4, 1982, by Executive Order No. 778. It owns, operates, and manages the Ninoy Aquino International Airport (NAIA). Petitioner's properties, facilities, and services are available for public use subject to such fees, charges, and rates as may be fixed in accordance with law. Herein respondents are the users, lessees and occupants of petitioner's properties, facilities, and services.

The schedule of aggregate dues collectible for the use of petitioner's properties, facilities, and services are divided into: (1) aeronautical fees; (2) rentals; (3) business concessions; (4) other airport fees and charges; and (5) utilities.[2]

On May 19, 1997, petitioner issued Resolution No. 97-51[3] announcing an increase in the rentals of its terminal buildings, VIP lounge, other airport buildings and land, as well as check-in and concessions counters. Business concessions, particularly concessionaire privilege fees, were also increased.

On April 2, 1998, petitioner passed Resolution No. 98-30[4] adopting twenty percent (20%) of the increase recommended by Punongbayan and Araullo,[5] to take effect immediately on June 1, 1998. Thus, petitioner issued the corresponding Administrative Order No. 1, Series of 1998 to reflect the new schedule of fees, charges, and rates.[6]

On February 5, 1999, petitioner issued Resolution No. 99-11,[7] which further increased the other airport fees and charges, specifically for parking and portorage services, and the rentals for hangars. Accordingly, petitioner amended Administrative Order No. 1, Series of 1998.[8]

Respondents requested that the implementation of the new fees, charges, and rates be deferred due to lack of prior notice and hearing.[9] The request was denied. Petitioner likewise refused to renew the identification cards of respondents' personnel, and vehicle stickers to prevent entry to the premises.

Hence, some of the respondents herein filed with the Regional Trial Court of Makati City, Branch 58, a

Complaint[10] for Injunction with Application for a Writ of Preliminary Injunction and/or Temporary Restraining Order, docketed as Civil Case No. 99-1293.

After due hearing, the RTC issued a Writ of Preliminary Injunction in its Order of August 18, 1999, to wit:

WHEREFORE, upon posting by plaintiffs of a bond in the amount of P1,000,000.00 each, let a writ of preliminary injunction issue enjoining defendant NAIA, its officers, employees, agents, assigns, and those acting on their behalf from denying or preventing entry or access to the NAIA premises, including the General Aviation Area, of plaintiffs Airspan Corp.'s, LBC Express, Inc.'s, and General Aviation Supplies Trading Inc.'s respective officers and employees, until further orders from this Court.

Accordingly, the hearing of the main case for Injunction is hereby set on September 02, 1999, at 8:30...in the morning.

SO ORDERED.[11]

A Complaint-In-Intervention[12] was filed by Subic International Air Charter, Inc., Normal Holdings & Development Corp., and Columbian Motor Sales Corp. The RTC found that the intervenors were likewise entitled to the preliminary relief as the continuation of petitioner's acts would cause them irreparable damage and injury. Thus, in its Order dated August 31, 2001, the RTC decreed:

ACCORDINGLY, this Temporary Restraining Order (TRO) is heretofore issued effective only for a period of twenty (20) days from service upon defendant MIAA enjoining said defendant, its assigns, agents and all persons acting on its behalf from and or denying entry of plaintiffs intervenors to its facilities and premises, from ejecting plaintiffs-intervenors from the leased premises and from doing, attempting or threatening to do such acts, things or deeds which may affect, hinder or impede in any manner whatsoever the business of plaintiffs-intervenors in the leased premises.

Pursuant to Rule 58 of the 1997 Rules of Civil Procedure, defendant MIAA is hereby ordered to show cause, on September 05, 2001 at 1:30...in the afternoon, why the injunction plaintiffs-intervenors pray for should not be granted.

...

SO ORDERED.[13]

On February 17, 2003, after due hearing, the RTC rendered a summary judgment on the Complaint for Injunction. The decretal part of its Decision reads:

WHEREFORE, judgment is hereby rendered NULLIFYING MIAA's resolutions Nos. 98-30 and 99-11 as well as their accompanying administrative orders for want of the required notice and public hearing. Defendant Agency is permanently enjoined from collecting the increases found therein and is ordered to refund to plaintiffs herein all amounts paid pursuant to the implementation of the assailed resolutions.

SO ORDERED.[14]

The said Decision is the subject of the instant petition raising the following issues for our resolution:

I

WHETHER OR NOT PRIOR NOTICE AND CONDUCT OF PUBLIC HEARING ARE REQUIRED BEFORE PETITIONER CAN INCREASE ITS RATES AND CHARGES FOR THE USE OF ITS FACILITIES

II

WHETHER OR NOT THE INCREASES BROUGHT ABOUT BY PETITIONER'S RESOLUTIONS AND ADMINISTRATIVE ORDERS ARE FAIR AND REASONABLE[15]

Anent the first issue, petitioner contends that its charter authorizes it to increase its fees, charges, and rates without need of public hearing. It maintains that its service is not a public utility where fees, charges, and rates are subject to state regulation. Petitioner insists its fees, charges, and rates are contractual in nature such that if respondents are not amenable to any increase, they are free to terminate the lease. Petitioner further argues that the charter which created it, being a special law, prevails over the Public Service Act and the Administrative Code, which are laws of general application.

However, respondents counter that petitioner comes within the purview of the Administrative Code as an attached agency of the Department of Transportation and Communications (DOTC) and that in case of conflict with the charter of an attached agency, the Administrative Code prevails. Respondents insist that petitioner can only recommend a possible increase, but the same must first be approved by the head of the DOTC.[16]

On the second issue, petitioner claims that its charter authorizes it to increase its fees, charges, and rates in order to reflect current price levels. In addition, it asserts that the increases it imposed were duly approved, or validated, by an independent accountant. Petitioner also avers that its imposition of higher fees, charges, and rates will ultimately redound to the benefit of the country and should thus be upheld.

Respondents, however, point out that the determination of the reasonableness of the subject increases is a question of fact, which is not allowed in a petition for review on certiorari. In any case, respondents allege that petitioner's private accountant erroneously based its recommendation on the price levels of other countries. Respondents also draw attention to the fact that the increases implemented by petitioner actually exceeded what its private accountants, Punongbayan and Araullo, recommended.[17]

In a petition for review on certiorari, only questions of law may be reviewed.[18] The matter of whether the increases implemented by petitioner were fair and reasonable appears to be a factual issue, which had been discussed and ruled upon by the RTC, albeit collaterally. It is not now the province of this Court to make a binding determination as to the fairness and reasonableness of the disputed increases.

The only pertinent issue for our resolution now is: Can petitioner MIAA validly raise – without prior notice and public hearing – the fees, charges, and rates subject of its Resolutions Nos. 98-30 and 99-11?

The Charter of the Manila International Airport Authority,[19] as amended by Executive Order No. 903,[20] states that:

SEC. 17. 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 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 rental) of volume of traffic through the Airport, subject to the provisions of Batas Pambansa Blg. 325, whenever practicable. (Underscoring supplied.)

The last clause, which incorporated Batas Pambansa Blg. 325 into the MIAA Charter, did not appear in the original Charter of the MIAA. The clause was deliberately inserted by the amending law, E.O. No. 903. In this connection, B.P. Blg. 325,[21] provides:

SEC. 2. Determination of rates. – The fees and charges shall be revised at just and reasonable rates sufficient to

cover administrative costs and, wherever practicable, be uniform for similar or comparable services and functions. The revision of rates shall be determined by the respective ministry heads or equivalent functionaries conformably with the rules and regulations of the Ministry of Finance issued pursuant to Section 4 hereof, upon recommendation of the imposing and collecting authorities concerned, subject to the approval of the Cabinet. ... (Underscoring supplied).

Thus, under the original Charter of the MIAA, petitioner was given blanket authority to adjust its fees, charges, and rates. However, E.O. No. 903 limited such authority to a mere recommendatory power. Hence, petitioner's Charter itself, as amended, directly vests the power to determine revision of fees, charges, and rates in the "ministry head" and even requires approval of the Cabinet.

Worth noting, its Charter[22] established MIAA as an attached agency of the Ministry of Transportation and Communications (now Department of Transportation and Communications). Hence, the "ministry head" who has the power to determine the revision of fees, charges, and rates of the MIAA is now the DOTC Secretary. Clearly, petitioner has no authority to increase its fees, charges, or rates as the power to do so is vested solely in the DOTC Secretary, although petitioner's prerogative to recommend possible increases thereon is of course recognized.

As an attached agency of the DOTC, the MIAA is governed by the Administrative Code of 1987.[23] The Administrative Code specifically requires notice and public hearing in the fixing of rates:

BOOK VII. – Administrative Procedure

SEC. 9. Public Participation. - ... (2) In the fixing of rates, no rule or final order shall be valid unless the proposed rates shall have been published in a newspaper of general circulation at least two (2) weeks before the first hearing thereon.

It follows that the rate increases imposed by petitioner are invalid for lack of the required prior notice and public hearing. They are also ultra vires because, to begin with, petitioner is not the official authorized to increase the subject fees, charges, or rates, but rather the DOTC Secretary.

To conclude, petitioner's Resolutions Nos. 98-30 and 99-11 and the corresponding administrative orders, which increased the fees, charges, and rates specified therein, without the required prior notice and hearing as well as approval of the DOTC Secretary, are null and void. The RTC Decision, which permanently enjoined petitioner from collecting said increases and ordered refund to respondents of the amounts paid pursuant to the said Resolutions, must be upheld. However, any refund should cover only the differential brought about by the unauthorized increases contained in said Resolutions.

In our view, considering the clear mandate of the applicable provisions of law, petitioner's theory that its fees, charges, and rates are contractual in nature and thus, respondents are free to terminate the lease contracts should they be unable to pay the increased dues is unacceptable. As the country's principal airport for both international and domestic air transport, petitioner's properties, facilities, and services are imbued with paramount public and even national interest. Petitioner is not at liberty to increase fees, charges, or rates at will, without due regard to parameters set by laws and regulations. Among the considerations mentioned in E.O. No. 903 are that fees and charges should reflect adequately the costs and increases in price levels and the volume of traffic. For any change in its fees, charges, or rates without due regard to valid limitations can create a profound impact on the country's economy in general and air transport in particular.

In the same vein, we are unable to share petitioner's claim that the specified increases in fees, charges and rates would necessarily redound to the benefit of the country. Needless to stress, in our view, such increases will ultimately be passed on to the ordinary Filipino, either directly or indirectly. Conceivably, in extreme instances, the lessee corporations who are unable to pay exorbitant fees, charges, and rates imposed by petitioner could be

left with no choice but to close shop leaving hundreds if not thousands of Filipinos jobless. No one needs reminding that higher prices and more unemployment are the last things our country's challenged economy needs at this time. Balancing of interests among the parties concerned, in a public hearing, is obviously called for.

WHEREFORE, the petition is DENIED for lack of merit. The Decision, dated February 17, 2003, of the Regional Trial Court of Makati City, Branch 58, in Civil Case No. 99-1293, is AFFIRMED. No pronouncement as to costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Ynares-Santiago, Carpio, and Azcuna, JJ., concur.

[1] Rollo, pp. 28-36.

[2] Administrative Order No. 1, Series of 1993, Rollo, pp. 503-522.

[3] Id. at 523-533.

[4] Id. at 442.

[5] Rollo, pp. 180-187.

[6] Id. at 444-472.

[7] Id. at 442-A-443.

[8] Id. at 473-501.

[9] Id. at 534 (Annex "8-A").

[10] Id. at 37-64.

[11] Id. at 99.

[12] Id. at 65-74.

[13] Id. at 101.

[14] Id. at 36.

[15] Id. at 18.

[16] Id. at 429-430.

[17] Id. at 413.

[18] *Bangko Sentral ng Pilipinas v. Santamaria*, G.R. No. 139885, 13 January 2003, 395 SCRA 84, 92.

[19] Otherwise known as Executive Order No. 778, which took effect on March 4, 1982.

[20] E.O. No. 903 took effect on July 21, 1983.

[21] AN ACT AUTHORIZING HEADS OF MINISTRIES, OFFICES, AGENCIES AND COMMISSIONS OF THE NATIONAL GOVERNMENT, INCLUDING THE SUPREME COURT AND CONSTITUTIONAL BODIES, TO REVISE THE RATES OF FEES AND CHARGES. The act took effect on January 1, 1983.

[22] 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 and Communications.

[23] Administrative Code of 1987. BOOK IV. Title XV – Transportation and Communications

SEC. 23. Attached Agencies and Corporations. – The following agencies and corporations are attached to the Department: ... the Manila International Airport Authority.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.