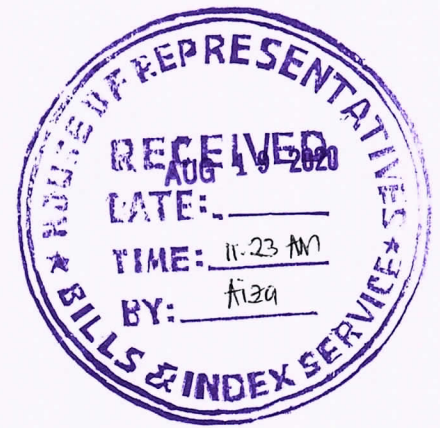


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session



HOUSE BILL NO. 7428

Introduced by **Representative Manuel Luis T. Lopez**

EXPLANATORY NOTE

On 5 August 2020, the House Committee on Metro Manila Development concluded its hearings on the dire situation of the public utility vehicle (PUV) sector in Metro Manila aggravated by the coronavirus disease 2019 (COVID-19) pandemic.

According to the Land Transportation Franchising & Regulatory Board's (LTFRB) Public Land Transport Roadmap during Period of Community Quarantine,¹ 121,405 PUV units were affected when all modes of public land transport were put to a halt in Metro Manila under the Enhanced Community Quarantine (ECQ) starting on March 16, 2020. Traditional public utility jeepneys (PUJs) have the biggest share of affected units at 50,072.

It was only upon the declaration of General Community Quarantine on June 1, 2020, or two months and a half later, that PUVs were allowed to resume operations. Even then, only limited units of selected PUVs namely city buses, point-to-point buses, taxis, transport network vehicle services, and shuttle services, were allowed to operate at 50% capacity in selected routes.

On June 22, 2020, PUJs were finally allowed to resume operations but only if compliant with the PUV Modernization Program. After several complaints and protests from transport workers, 6,002 units of traditional PUJs were allowed to resume operations on July 3, 2020. However, upon the reversion back to Modified ECQ on August 4, 2020, traditional PUJs allowed to operate were further limited to 968 units only.

Since the wake of the pandemic, hundreds of thousands of transport workers in the PUV sector have lost significant wages or have lost their livelihoods altogether. A conservative estimate of lost wages of affected transport workers during the ECQ period only would amount to over 5 billion pesos.

¹ Land Transportation Franchising & Regulatory Board (LTFRB), Public Land Transport Roadmap during Period of Community Quarantine, August 7, 2020, p. 7.

Mode of Service	Pre-ECQ			ECQ (106 days)
	Estimated Daily Wage per Worker (PhP/day) ²	No. of Authorized Units ³	Total Estimated Daily Wage (PhP/day) ⁴	Total Estimated Lost Wage
PUBs	400.00	4,647	1,858,800	197,032,800
P2P	400.00	922	368,800	39,092,800
Taxi	400.00	29,968	11,987,200	1,270,643,200
TNVS	400.00	23,776	9,510,400	1,008,102,400
Modern PUJ	400.00	1,732	692,800	73,436,800
Traditional PUJ	400.00	50,072	20,028,800	2,123,052,800
UV Express	400.00	10,288	4,115,200	436,211,200
Total	400.00	121,405	48,562,000	5,147,572,000

Amidst the devastating implications of a complete halt on all modes of public land transport during the community quarantine, the corresponding government assistance and support for all affected transport workers have been underwhelming.

During the executive meeting called by the Committee on Metro Manila Development on July 21, 2020, the Department of Transportation (DOTr) said that it is still waiting for the issuance of the Special Allotment Release Order (SARO) from the Department of Budget and Management (DBM) to provide subsidy to affected transport workers. Moreover, any subsidy would be limited to all operating public utility jeepneys only. As for fuel subsidy, the DOTr is likewise still coordinating with the DBM. There were also no programs mentioned that would assist displaced transport workers to find new livelihoods.

During the hearings and executive meetings, the oft-repeated issues on the PUV modernization were also raised. Drivers and operators of traditional PUJs either demanded for adequate government assistance and support for the modernization or for the delay of the PUV modernization altogether. These demands are not without merit. After almost four months of *tigil pasada*, it is unreasonable to expect operators or drivers of traditional PUJs to be able to comply with PUV modernization requirements, which include purchasing a modern jeepney unit at Php 2-2.5 million. It bears stressing that the DOTr provides a subsidy of Php 160,000 only under the PUV Modernization Program.

The series of hearings conducted by the Committee on Metro Manila Development surfaced poor, disjointed, and sluggish policy formulation and planning on the part of the

² Philippine Statistics Authority, 2017 Labor Force Survey, median basic pay per day of drivers and mobile plant operators.

³ LTFRB, Public Land Transport Roadmap during Period of Community Quarantine, p. 7.

⁴ This assumes that only one transport worker is affected per unit.


concerned government agencies and instrumentalities. While the Committee on Metro Manila Development has already provided concrete short-term and long-term recommendations, this bill is also being proposed to once and for all provide a clear framework and program for the modernization of the PUV sector.

The modernization of the PUV sector remains as an important mitigation response to the climate crisis because it will reduce the sector's greenhouse gas (GHG) emissions through the use of modern, low-carbon technologies. However, in the midst of the pandemic, it is all the more important to ensure the transition to a modernized PUV sector is in accordance with the principles of justice and equity.

To ensure that no transport workers will be left behind in this transition, the proposed measures seeks to systematically integrate the concept of just transition in various phases of policy formulation, planning, and other tools and techniques in the modernization of the PUV sector by all concerned agencies and instrumentalities of the government. Moreover, it provides transitional support in the form of vehicle subsidy, fuel subsidy, concessional loan, and livelihood support to all affected transport workers.

While we continue to ramp up our response to COVID-19 and the climate crisis, it is equally important that we do not dismiss the plight of the transport workers in the PUV sector. These workers should not be victims but rather, our partners in responding to this pandemic and in reaching our shared vision for a modernized PUV sector.

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


HON. MANUEL LUIS C. LOPEZ
Representative
1st District, City of Manila

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HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
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HOUSE BILL NO. 7428

Introduced by **Representative Manuel Luis T. Lopez**

AN ACT
PROVIDING FOR A JUST AND EQUITABLE TRANSITION TO A MODERNIZED PUBLIC UTILITY VEHICLE SECTOR, WITH TRANSITIONAL SUPPORT FOR TRANSPORT WORKERS, AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** - This Act shall be known as the “Just Transition to a
2 Modernized PUV Sector Act”.

3
4 **SEC. 2. Declaration of Policy.** - Cognizant of its commitment in the Paris
5 Agreement to respond to the threat of climate change, in the context of sustainable
6 development and efforts to eradicate poverty, the State hereby declares as policy the
7 modernization of the public utility vehicle (PUV) sector to reduce its greenhouse gas
8 (GHG) emissions through the use of low-carbon technologies.

9
10 At the same time, the State acknowledges the PUV sector as both a public service
11 and an enterprise. As an enterprise, the PUV sector employs labor which is deemed by
12 law as the primary social economic force. The State shall protect the rights of transport
13 workers within the PUV sector and promote their welfare. Towards this end, the State
14 shall systematically integrate the concept of just transition in various phases of policy
15 formulation, planning, and other tools and techniques in the modernization of the PUV
16 sector by all concerned agencies and instrumentalities of the government.

17
18 The State therefore ensures that the modernization of the PUV sector will include
19 all affected transport workers in the low-carbon transition, in accordance with the
20 principles of justice and equity, promoting full and productive employment and decent
21 work for all.

22
23 **SEC. 3. Objectives.** - This Act shall have the following objectives:

- 24
25 a. To reduce the GHG emissions of the PUV sector, improve safety and comfort
26 of the riding public, and improve working conditions for transport workers
27 through a people-centered and just modernization plan;

- 1
2 b. To phase-out existing high-carbon PUVs while protecting the security of
3 tenure of affected transport workers, such as long-standing drivers and
4 operators, in the PUV sector and their right to work until retirement;
5
6 c. To provide assistance and support to displaced transport workers,
7 especially those who can no longer take part in the PUV sector due to
8 various reasons and require retraining and reskilling; and
9
10 d. To guarantee genuine and fair competition and a level playing field within
11 the PUV sector.
12

13 **SEC. 4. Framework Strategy and Program on Just Transition to a Modernized**
14 **PUV Sector.** – The Department of Transportation (DOTr), Department of Labor and
15 Employment (DOLE), and Climate Change Commission (CCC), in consultation with other
16 concerned agencies, Panel of Technical Experts, and stakeholders, shall, within three (3)
17 months from the effectivity of this Act, formulate a Framework Strategy on Just Transition
18 to a Modernized PUV. *Provided, that*, the DOTr shall establish a stakeholder consultation
19 space, where stakeholders, including but not limited to PUV drivers, operators,
20 conductors, other transport workers, and the riding public, are regularly engaged
21 through an open and inclusive process where they can provide recommendations to the
22 DOTr and other relevant government agencies. The Framework shall be reviewed every
23 three (3) years or as may be deemed necessary.
24

25 The Framework shall serve as the basis for the Just Transition to a Modernized
26 PUV, which will reduce the PUV sector’s GHG emissions, improve safety and comfort of
27 the riding public, and improve working conditions for transport workers in the PUV
28 sector. The Program shall include, but not limited to, the following components:
29

- 30 a. Assessment of the GHG emissions and mitigation potential of the PUV
31 sector;
32
33 b. Assessment of available and locally manufactured low-carbon technologies
34 and costs;
35
36 c. Identification and assessment of stakeholders;
37
38 d. Formulation of a phase-out plan, with transitional support to affected
39 transport workers;
40
41 e. Advocacy and information dissemination; and
42
43 f. Monitoring and evaluation.
44

45 **SEC. 5. Panel of Technical Experts.** – The DOTr shall constitute a national panel
46 of technical experts consisting of practitioners in disciplines that are related to public
47 transport planning, urban planning, and climate change. The Panel shall provide technical
48 advice to the DOTr in transportation, technologies, climate science, and best practices for
49 just transition. The DOTr shall set the qualifications and compensation for the technical

1 experts. It shall provide resources for the operations and activities of the Panel.

2
3 **SEC. 6. Engine and Replacement Specifications. –**
4

- 5 a. PUVs tested and proven to be road-worthy by the DOTr and Department of
6 Trade and Industry's Bureau of Philippine Standards (DTI-BPS) shall only
7 be required to have engines replaced to be Euro 4-complaint.
8
9 b. The remaining budget under DTI's Comprehensive Automotive
10 Resurgence Strategy (CARS) program shall be used to incentivize and
11 support the creation and assembly of locally manufactured public land
12 transport vehicles units and parts.
13
14 c. Only emission testing centers duly authorized by the DTI, and which follow
15 the standards set by the Department of Environment and Natural
16 Resources (DENR) and DOTr shall be used in registering of new PUV
17 models and in regular emission testing.
18
19 d. DOTr shall plan for a phased implementation of the Program following a
20 ten (10)-year transition period.
21

22 **SEC. 7. Transitional Support. –**
23

- 24 a. Vehicle subsidy – The DOTr shall provide financial assistance to affected
25 drivers and operators not lower than 50% of the cost per unit to lighten the
26 capital burden of modernization.
27
28 b. Fuel subsidy – The DOTr shall pay for a portion of the fuel consumed by
29 affected drivers on a bi-weekly basis; Provided, that, the DOTr shall
30 determine the amount of the fuel subsidy and the mandated number of
31 months for the provision of the fuel subsidy after consultation with affected
32 drivers.
33
34 c. Concessional loan –
35
36 i. A tripartite mechanism involving government, financing
37 institutions, and affected transport workers shall be established to
38 set policies for a concessional loan program to affected transport
39 workers. Loan requirements shall be simplified and tailored to the
40 current situation and standing of affected transport workers.
41
42 ii. The interest rate on loan amortization shall not exceed 1% annual
43 interest.
44
45 iii. The loan amortization period shall be at least fifteen (15) years,
46 subject to re-computation once the transport worker decides to
47 shorten the said period or is able to pay in full before its maturity.
48
49 d. Livelihood support –

- 1
2 i. Displaced drivers or operators who can no longer take part in the
3 public land transportation industry due to, but not limited to,
4 financial incapacity or failure to qualify for a loan, shall be given
5 financial assistance of no less than Three Hundred Thousand Pesos
6 (P300,000.00) to enable the displaced driver or operator to venture
7 into other forms of livelihood.
8
9 j. Displaced transport workers shall be entitled to dedicated trainings
10 and seminars to ensure qualification and employability in other
11 forms of livelihood.
12

13 **SEC. 8. PUV Sector Competitiveness Enhancement.** – To prevent unwanted
14 competition between drivers and operators planning on operating in the same area, a
15 “first usage”/“first presence” policy shall be implemented. Long-term
16 existing/residential operators/drivers within a particular area shall be given priority in
17 route assignment.
18

19 **SEC. 9. Implementing Rules and Regulations.** – Within sixty (60) days from the
20 effectivity of this Act, the Secretary of the DOTr, in consultation with the Land
21 Transportation Franchising and Regulatory Board and other relevant government
22 agencies and transport sector groups, shall issue the rules and regulations necessary for
23 the effective implementation of this Act.
24

25 **SEC. 10. Separability Clause.** – If for any reason, any part or provision of this Act
26 is declared invalid or unconstitutional, the remaining parts or provisions not affected
27 thereby shall remain in full force and effect.
28

29 **SEC. 11. Repealing Clause.** – All laws, executive orders, presidential decrees, rules
30 and regulations, or parts thereof contrary to or inconsistent with any provisions of this
31 Act are hereby repealed, amended, or modified accordingly.
32

33 **SEC. 12. Effectivity.** – This Act shall take effect fifteen (15) days after its
34 publication in the Official Gazette or at least two (2) national newspapers of general
35 circulation.
36

37 Approved,