

**Republic of the Philippines
House of Representatives
Quezon City**

**NINETEENTH CONGRESS
Second Regular Session**

HOUSE BILL NO. 9061



Introduced by Hon. Felimon M. Espares
COOP-NATCCO PARTYLIST

**AN ACT
INSTITUTIONALIZING THE PUBLIC UTILITY VEHICLE
MODERNIZATION PROGRAM (PUVMP), APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Public Transportation plays a vital role in providing a safe, efficient, and environment-friendly transport services for countless Filipino citizens. A modern and efficient public transportation sector is fundamental in offering the public a dignified daily commute.

To this end, the government, through the Department of Transportation (DOTr), launched its biggest non-infrastructure program under DOTr Department Order No. 2017-011, otherwise known as the Public Utility Vehicle Modernization Program (PUVMP), which aimed to provide commuters and other stakeholders a safe, convenient, reliable, dependable, and commuter-focused public transportation system. On the other hand, enacting the PUVMP should not unduly burden our drivers and operators, who are the backbone of the industry.

Further, while most of the public transportation sector are very much willing to comply with the modernization efforts of the government, they are unable to do so because of the exorbitant costs needed to update their fleets and operations. Thus, it is also imperative for the government to provide much-needed financial assistance in order for the PUVMP to move forward.

As such, this measure hopes to present a just and humane modernization program that will enable the sector to strengthen its competitiveness, ensure its viability, and effectively transition to a more modern and efficient system.

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


HON. FELIMON M. ESPARES

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

Section 1. Short Title. – This Act shall be known as the “Just and Humane Public Utility Vehicles Modernization Act.”

Sec. 2. Declaration of Policy. – It is hereby declared the policy of the State, in accordance with the Constitution, that the right to travel shall not be impaired, be it due to lack of means, access, or capability to pay of the general public. Public transportation and mobility, therefore, is a sector that should be developed, modernized, and sustained by the State based on principles of justice, equity, and ecological sustainability.

At the same time, the State acknowledges the public transportation sector as both a public service and an enterprise. As an enterprise employing labor, deemed by law as the primary social economic force, the State must protect the rights of workers within the transportation service industry and promote their welfare. Towards this end, the State shall encourage the creation of a people-centered strategy that represents the core of economic and social development. It therefore ensures that the transportation sector develops and modernizes not just technologically, but also in accordance with principles of justice and equity, promoting full, productive employment and decent work for all.

28
29 The government and all its branches, subdivisions, instrumentalities, and
30 agencies shall ensure the provision of technical guidance, financial assistance and
31 other incentives to the public transportation sector, especially the transportation
32 cooperative sector, as partners of the government in building a sustainable nation.
33

34 **Sec. 3. Objectives.** – This Act shall have the following objectives:

- 35 a) To make public land transportation safer, more comfortable, and
36 environmentally sustainable for the riding public through the modernization of
37 Public Utility Vehicles (PUVs) while ensuring that the security of tenure of long-
38 standing drivers in the PUV industry will be protected and that their right to
39 work until retirement will not be compromised;
- 40 b) To provide a means of support to drivers, operators, and other transport service
41 workers who can no longer take part in the PUV sector due to various reasons,
42 including those who choose to pursue work in a different sector and thus
43 require retraining and reskilling;
- 44 c) To revive the local manufacturing car industry by promoting the local assembly
45 of modernized jeepneys, thereby creating more job opportunities; and
- 46 d) To guarantee genuine and fair competition, and a level playing field within the
47 PUV sector.
48

49 **Sec. 4. PUV Modernization Program (PUVMP).** – A PUV Modernization Program,
50 herein referred to as “the Program” is hereby established in order to enhance the
51 safety, efficiency and sustainability of public ground transportation. The Department
52 of Transportation (DOTr), in consultation with other concerned agencies and
53 stakeholders, especially Transport Service Entities (TSEs), shall develop and
54 promulgate guidelines and policies for the phased transition from the current PUVs to
55 standards-compliant vehicles. The DOTr shall also provide for consultation and policy-
56 making spaces through which stakeholders in the process can provide
57 recommendations and reform options to DOTr and other relevant government
58 agencies.
59

60 **Sec. 5. Engine and Body Replacement Specification.** –

- 61 a) PUVs must comply with the specifications listed in the Philippine National
62 Standards, including, among others, specifications about height, width, and
63 entry;
- 64 b) PUVs tested and proven to be road-worthy by the DOTr and Department of
65 Trade and Industry's Bureau of Philippine Standards (DTI-BPS) shall only be
66 required to have engines replaced to be Euro 4 compliant;
- 67 c) The remaining budget under DTI's Comprehensive Automotive Resurgence
68 Strategy (CARS) program shall be used to incentivize and support the creation
69 and assembly of locally manufactured PUV units and parts;
- 70 d) Only emission testing centers duly authorized by the DTI, and Resources
71 (DENR) and DOTr shall be used in registering PUVs in regular emission testing;
72 and
- 73 e) DOTr shall plan for a phased implementation of the program following a five
74 (5) year transition period.

75
76 **Sec. 6. Financial Assistance. –**

- 77 a) Government Subsidy – Government financial assistance provided to TSEs who
78 elect to modernize shall not be lower than twenty percent (20%) of the
79 suggested retail price per unit to lighten the capital burden of modernization.
80 Moreover, the DOTr shall work with public and private financial institutions,
81 such as cooperative banks and other financial services cooperatives, among
82 others, to provide equitable financing for the modernized vehicles;
- 83
- 84 b) Public Transportation Loan Fund:
- 85 1. The Public Transportation Loan Fund ("Fund") is hereby established
86 as the principal source of financial assistance to the public
87 transportation sector for the pursuit of various economic activities
88 necessary in attaining the primary objective of the implementing the
89 PUVMP, including extending support to public transport workers.
- 90 2. The Fund shall be used in fleet modernization or vehicle/vessel
91 acquisition program that conforms to land and sea safety standards,
92 environmental protection laws and rules, and other relevant laws,
93 rules and regulations, and issuances.

3. The loanable amount shall be equal to eighty percent (80%) of the suggested retail price of a modernized vehicle.
4. Only TSEs who have been issued a Notice of Selection by the DOTr/LTFRB shall be qualified beneficiaries of the Fund.
5. The Landbank of the Philippines ("LBP") and the Development Bank of the Philippines ("DBP") shall jointly administer the Fund, and approve applications for loans, upon favorable recommendation of the DOTr, and following simplified rules and requirements to be established pursuant to Sec. 6(c) below.
6. An annual report to the House of Representatives, through the Committee of Transportation, detailing its administration and implementation of the Fund, shall be submitted; *and*

c) Loan Interest/Payment Options:

1. A tripartite mechanism involving government, financing institutions, and TSEs shall be established to set policies for the Fund and other issues on implementation. Recognizing that the Fund is established to empower TSEs and accelerate the modernization of the country's public transportation system, loan requirements shall be simplified and tailored to the current situation and standing of TSEs, and no additional or burdensome requirements may be imposed regarding the release of such loans.
2. The interest rate on loan amortization shall not exceed four percent (4%) diminishing annual interest considering the public service nature of PUV services.
3. The loan amortization period shall be at least ten (10) years, with the option for pre-termination on the part of the TSE; *Provided*, that the loan shall be subject to re-computation if a TSE decides to pre-terminate; *Provided, further*, that the total cost of the monthly amortization shall be proportional to the monthly revenue of a PUV driver or operator.

Sec. 7. Assistance to TSEs Who Have Commenced Modernization. – A TSE which

has already availed of subsidies and loans pursuant to the existing PUVMP under the DOTr shall be qualified to avail of the subsidy and better terms under this Act; *Provided*, that the tripartite mechanism established under Sec. 6(c)(1) above shall also issue the rules and guidelines to implement this provision.

Sec. 8. *Compensation Option.* – Drivers who can no longer take part in the PUV sector due to the Program shall be given a reasonable amount of financial assistance, in coordination with the relevant Local Government Units (LGUs), to enable them to venture into other forms of livelihood. In addition, The DOTr, together with Technical Education and Skills Development Authority (TESDA) and Department of Labor and Employment (DOLE), shall create a joint task force in order to create and implement programs for the effective transition of former drivers to other forms of livelihood.

Sec. 9. *PUV Sector Competitiveness Enhancement.* – To prevent unwanted competition between drivers and operators planning on operating in the same area, a “first usage”/“first presence” policy shall be implemented. Long term existing/residential operators/drivers within a particular area shall be given priority in route assignment; *Provided*, that the foregoing shall be conditioned upon concrete plans to modernize the operator’s fleet; *Provided, further*, that the DOTr, in the issuance shall, in the issuance of authorities to operate, shall take into consideration circumstances wherein it is impractical or not feasible for one (1) TSE to service one (1) route. In any event, the modernization of the PUV fleet shall be the topmost consideration in granting route assignments.

Sec. 10. *Route Rationalization and Fleet Management.* – The DOTr shall prioritize the creation and implementation of an efficient fleet management system and route rationalization plans throughout the country. It shall also extend aid to TSEs that will be affected by route rationalization.

Sec. 11. *Removal of Authority to Operate.* – Once the route rationalization and fleet management plans have been approved and are operational, any operator that shall not update and modernize at least fifty percent (50%) of the number of authorized units included in the Notice of Selection issued by the LTFRB, and in

accordance with other relevant issuances and directives, within five (5) years from the effectivity of this Act shall have its authority to operate be revoked.

Sec. 12. Penal Provisions. – Any person who, by fault, negligence or omission, causes, either directly or indirectly, the failure to issue the LPTRP shall be held liable, and the following penalties shall be imposed:

a) First Offense: Administrative liability of not more than six (6) months suspension, with a fine of not less than Twenty Thousand Pesos (Php 20,000.00) to Two Hundred Thousand Pesos (Php 200,000.00): *Provided, however,* that in the case of fixing and/or collusion, the penalty and liability under Sec. 12(b) of this Act shall apply.

b) Second Offense: Administrative liability and criminal liability of dismissal from service, perpetual disqualification from holding public office and forfeiture of retirement benefits, and imprisonment of one (1) year to six (6) years with a fine of not less than Five Hundred Thousand Pesos (Php 500,000.00), but not more than Two Million Pesos (Php 2,000,000.00).

The foregoing shall not be a bar to the institution of criminal actions pursuant to other applicable laws, including but not limited to Article 210 of the Revised Penal Code, such as through the commission of bribery, extortion, or when the violation was done deliberately and maliciously to solicit favor in cash or in kind. In such cases, the pertinent provisions of the Revised Penal Code and the relevant special laws shall apply.

Sec. 13. Appropriations. – The equivalent of twenty percent (20%) annual share of the total gross collections of the Motor Vehicle User's Charge (MVUC) collected pursuant to Republic Act No. 8794, as amended, shall be utilized to fund this Act. The amount shall be indicated as a separate line item under the budget of the DOTr in the annual General Appropriations Act (GAA).

The MVUC shall also be the principal source of the Fund, as established under Sec. 6(b) of this Act, in the amount of Fifty Billion Pesos (Php 50,000,000,000.00).

Sec. 14. Implementing Rules and Regulations. – The Secretary of

Transportation, in consultation with other relevant government agencies and transport sector groups and cooperatives, shall issue the rules and regulations necessary for the effective implementation of this Act within sixty (60) days of its effectivity.

Sec. 15. *Annual Reports.* – The agencies involved in the PUVMP, headed by the DOTr, shall submit an annual report to the Congress of the Philippines on the progress of the PUVMP, and offer recommendations for possible legislation.

Sec. 16. *Joint Congressional Oversight Committee.* – There is hereby created a Joint Congressional Oversight Committee (JCOC) composed of seven (7) members from the Senate and House of Representatives, respectively, which shall be co-chaired by the Senate Committee on Public Services and House Committee on Transportation. Within five (5) years after the effectivity of this Act, or as the need arises, the House JCOC shall conduct a sunset review. For purposes of this Act, the term “sunset review” shall mean a systematic evaluation of the accomplishments and impact of this Act, as well as the performance and organizational structure of its implementing entities, for purposes of determining remedial legislation.

Sec. 17. *Separability Clause.* – If for any reason, any part or provision of this Act is declared invalid, unlawful, unenforceable, or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

Sec. 18. *Repealing Clause.* – All laws, executive orders, presidential decrees, rules and regulations or parts thereof contrary to or inconsistent with any provisions of this Act are hereby repealed, amended or modified accordingly.

Sec. 19. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,