



MEMORANDUM

FOR : **The Directors**
Policy and Planning Service
Legal Affairs Service
Climate Change Service

The Bureau Directors
Environmental Management Bureau
Ecosystems Research and Development Bureau

All Regional Executive Directors

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **REQUEST FOR COMMENTS TO THE PROPOSED PUBLIC UTILITY VEHICLE (PUV) MODERNIZATION ACT OF THE COMMITTEE ON PUBLIC SERVICES**

DATE : 31 July 2023

In reference to the electronic mail received by our Office, the Senate Committee on Public Services is requesting for information on the following matter in relation to the above subject:

1. Comments on Senate Bill No. 105, as attached, particularly your definitive position on Section 5 (Engine and Replacement Specification) regarding the necessity of using Euro series engines as well as other alternatives for PUV use; and
2. DENR Regulations on the Certificate of Conformity issued to vehicles, engines, and spare parts imported to the country for PUVs.

In this regard, may we respectfully request **comments/recommendations** on the above-mentioned Senate Bill, as requested by the Committee. Kindly submit them through email at denrilo@denr.gov.ph. Attached herewith are the Letter Request and copy of the Senate Bill.


ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs

MEMO NO. 2023 - 644



Republic of the Philippines
SENATE OF THE PHILIPPINES
Pasay City

COMMITTEE ON PUBLIC SERVICES

18 July 2023

HON. MARIA ANTONIO YULO-LOYZAGA

Secretary

Department of Environment and Natural Resources
Quezon City

Dear Secretary **Yulo-Loyzaga**:

This is to respectfully request for information on the following matters in relation to the proposed Public Utility Vehicle (PUV) Modernization Act:

1. Comments on Senate Bill No. 105, as attached, particularly your definitive position on Section 5 (Engine and Replacement Specification) regarding the necessity of using Euro series engines as well as other alternatives for PUV use; and
2. DENR Regulations on the Certificate of Conformity issued to vehicles, engines, and spare parts imported to the country for PUVs.

We will appreciate your submission of these requested documents by July 25 or earlier. You may submit the same through these email addresses: publicservices.senate@gmail.com and osgplegis@gmail.com.

Thank you.

Respectfully,

A handwritten signature in black ink, appearing to read "Beatrice Anne M. Vidamo".

BEATRICE ANNE M. VIDAMO
Committee Secretary

AN ACT
PROVIDING FOR A JUST AND HUMANE PUBLIC UTILITY VEHICLE (PUV)
MODERNIZATION PROGRAM, WITH TRANSITORY ASSISTANCE AND
SERVICES RENDERED TO PUV DRIVERS, OPERATORS AND STAKEHOLDERS,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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 transportation sector as both public service and 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.

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

- a) To make public land transportation safer, more comfortable, and environmentally sustainable for the riding public through the modernization of Public Utility Vehicles (PUVs) while ensuring that the security of tenure of long-standing drivers in the PUV industry will be protected and that their right to work until retirement will not be compromised;
- b) To provide a means of support to drivers who can no longer take part in the PUV sector due to various reasons, including those who choose to pursue work in a different sector and thus require retraining and reskilling; and

- c) To guarantee genuine and fair competition, and a level playing field within the PUV sector.

Sec. 4. *PUV Modernization Program (PUVMP)*. - A PUV Modernization Program, herein referred to as "the Program" is hereby established in order to enhance the safety, efficiency and sustainability of public ground transportation. The Department of Transportation (DOTr), in consultation with other concerned agencies and stakeholders, shall develop and promulgate guidelines and policies for the phased transition from the current PUVs to standards-compliant vehicles. The DOTr shall also provide for consultation and policy-making spaces through which stakeholders in the process can provide recommendations and reform options to DOTr and other relevant government agencies.

Sec. 5. *Engine and Replacement Specification*. -

- a) PUVs tested and proven to be road-worthy by the DOTr and Department of Trade and Industry's Bureau of Philippine Standards (DTI-BPS) shall only be required to have engines replaced to be Euro 4 compliant;
- b) The remaining budget under DTI's Comprehensive Automotive Resurgence Strategy (CARS) program shall be used to incentivize and support the creation and assembly of locally manufactured PUV units and parts;
- c) Only emission testing centers duly authorized by the DTI, and which follow the standards set by the Department of Environment and Natural Resources (DENR) and DOTr shall be used in registering PUVs in regular emission testing; and
- d) DOTr shall plan for a phased implementation of the program following a five (5) year transition period.

Sec. 6. *Financial Assistance*. -

- a) Government Subsidy - Government financial assistance provided to drivers/operators who elect to modernize shall not be lower than twenty percent (20%) of the price per unit to lighten the capital burden of modernization; and
- b) Loan Interest/Payment Options:
 - 1. A tripartite mechanism involving government, financing institutions and PUV operators/owners shall be established to set policies for the loan

program and other issues on implementation. Loan requirements shall be simplified and tailored to the current situation and standing of PUV drivers and operators.

2. The interest rate on loan amortization shall not exceed four per cent (4%) diminishing annual interest considering the mass/public nature of PUV services.
3. The loan amortization period shall be at least fifteen (15) years; subject to re-computation once a driver/operator decides to shorten the said period or is able to pay in full before its maturity: *Provided*, that the total cost of the monthly amortization shall be proportional to the monthly income of a PUV driver or operator.

Sec. 7. Compensation Option. – A driver who can no longer take part in the PUV sector due to the Program shall be given a reasonable amount of financial assistance to enable them to venture into other forms of livelihood.

Sec. 8. Non-compliance with Consolidation. – Existing operators who are not able to comply with any consolidation requirement under the modernization programs of the Department of Transportation may still be allowed to operate by virtue of a one (1) year Provisional Authority, without losing the right to service its current route.

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.

Sec. 10. Appropriations. - The equivalent of twenty per cent (20%) annual share on 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).

Sec. 11. Implementing Rules and Regulations. – The Secretary of the Department of Transportation, in consultation with other relevant government agencies and transport sector groups, shall issue the rules and regulations necessary for the effective implementation of this Act within sixty (60) days of its effectivity;

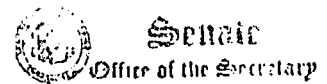
Sec. 12. *Separability Clause.* – If for any reason, any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

Sec. 13. *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. 14. *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,

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



22 JUL -7 P2:34

SENATE
S. No. 105

RECEIVED BY: 

Introduced by Senator Grace Poe

**AN ACT
PROVIDING FOR A JUST AND HUMANE PUBLIC UTILITY VEHICLE (PUV)
MODERNIZATION PROGRAM, WITH TRANSITORY ASSISTANCE AND
SERVICES RENDERED TO PUV DRIVERS, OPERATORS AND
STAKEHOLDERS, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES**

EXPLANATORY NOTE

Most frustrated commuters and drivers would attribute the decline of the jeepney to some cultural vice. Some would say that the jeepney is the result of the Filipino's lack of discipline; others would say that it is the product of a tendency towards "*pwede na*" solutions. And others would share the sentiment of Nick Joaquin: the jeepney is just another variation of our "heritage of smallness", or our tendency to hide behind small comforts in the face of large problems.¹

These critiques overlook the fact that the story of the jeepney and its decline is inextricable from mismanagement of transport development in the country. It is the story of a temporary policy which remained frozen in time.

The jeepney emerged from the rubble of World War II.² Before the war, a system of streetcars known as *Tranvias*³ transported residents of Manila and its suburbs. The bombing of Manila during the war eradicated the *Tranvia* and left a gaping hole in the city's transport system. To fill the void, ingenious Filipinos

¹ Joaquin, N. "A Heritage of Smallness"

² Grava, S. "The Jeepney of Manila". *Traffic Quarterly*, Vol. 26, 1972, pp.465-83.

³ Gamble, A. "Manila's Long-Lost 'Tranvias' Once the Envy of Asia" *Skyrise Cities* (10 March 2017). Retrieved from <https://skyrisecities.com/news/2017/03/manilas-long-lost-tranvias-once-envy-asia>

repurposed surplus U.S. Army Jeeps in Manila's transport system. The jeeps were modified to suit their new role as well as the Filipino palette: metal roofs and parallel benches were installed, and the "army green" was replaced with more vibrant colors.⁴ An entire industry catering to the production, modification, and maintenance of jeepneys emerged.

Over time, economic and demographic growth caused Manila to expand. It sprawled in every direction, eventually spilling over into the adjacent provinces of Cavite, Laguna, Rizal, and Bulacan.⁵ Since appropriate rail-based mass transit was not established, there was an exponential increase in the number of private vehicles. Fares on buses and jeepneys were kept low to cater to the commuters who could not afford to buy their vehicles. In turn, the low fares (plus the oppressive boundary system) prevented jeepney drivers and operators from ever upgrading their vehicles.

Due to the policy trajectory above, the "King of the Road" has become the "King of Decline". Most jeepneys lack basic security features other than handrails. Failing brakes are a common cause of accidents. Bald tires are ubiquitous. Their toxic, noxious emissions are endemic to Manila's atmosphere. Yet jeepneys (and buses) continue to account for 70% of all person-trips in Metro Manila.⁶

For the sake of our commuters, modernizing the jeepney is a necessary endeavour. Efforts to do so have existed since 1992. Some prominent examples include President Fidel V. Ramos' directive to DOTC Secretary Jesus Garcia Jr. to "...initiate moves that will lead to the eventual phase out of jeepneys"; The Aquino administration's "PUV Rationalization Program", which launched in 2015. The Duterte administration's "PUV Modernization Program" (PUVMP) is part of the decades-long effort to bring the Jeepney to the modern age.

⁴ Fernandez, R. "Jeepney, icon of Ph transport, evolves" *Sun Star Cebu* (19 December 2018).

⁵ National Economic and Development Authority Region 4A (NEDA R4A). *Regional Development Plan for Region 4A, 2017-2022*. See also Japan International Cooperation Agency (JICA). *Roadmap For Transport Infrastructure Development For Metro Manila And Its Surrounding Areas (Region III & Region Iv-A)* (2014)

⁶ *Ibid.*

Yet modernizing the jeepney is also a perennial source of conflict- a heavyweight boxing match between policy makers and jeepney drivers which never seems to end. Tilt the scales in one way, and the entire effort to modernize the jeepney screeches to a halt. Tilted the scales the other way, and the close to 200,000 jeepney drivers and operators lose their only source of livelihood.

This present measure proposes a middle ground. It seeks to establish a "Just and Humane PUV Modernization Program" which will balance the need for a safer, more environmentally-sound public transport with the rights of those whose livelihood depends on this. Under this program, jeepneys shall only be required to replace their engines to make them Euro 4 compliant. To lighten the capital burden, the government shall provide financial assistance which shall not be less than 10% of the price per unit. The interest rate on loan amortization shall not exceed 4% diminishing annual interest considering the mass/public nature of PUV services, and the loan amortization period shall be at least fifteen (15) years.

In view of the foregoing, immediate approval of this measure is eagerly sought.




GRACE POE



NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'22 JUL -7 P2 :35

SENATE
S. No. 105

RECEIVED BY: 

Introduced by Senator Grace Poe

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

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2 Public Utility Vehicles Modernization Act.”

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

9 At the same time, the State acknowledges the transportation sector as both
10 public service and enterprise. As an enterprise employing labor, deemed by law as
11 the primary social economic force, the State must protect the rights of workers
12 within the transportation service industry and promote their welfare. Towards this
13 end, the State shall encourage the creation of a people-centered strategy that
14 represents the core of economic and social development. It therefore ensures that
15 the transportation sector develops and modernizes not just technologically, but also

1 in accordance with principles of justice and equity, promoting full, productive
2 employment and decent work for all.

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

- 4 a) To make public land transportation safer, more comfortable, and
5 environmentally sustainable for the riding public through the modernization of
6 Public Utility Vehicles (PUVs) while ensuring that the security of tenure of
7 long-standing drivers in the PUV industry will be protected and that their right
8 to work until retirement will not be compromised;
- 9 b) To provide a means of support to drivers who can no longer take part in the
10 PUV sector due to various reasons, including those who choose to pursue
11 work in a different sector and thus require retraining and reskilling; and
- 12 c) To guarantee genuine and fair competition, and a level playing field within the
13 PUV sector.

14 *Sec. 4. PUV Modernization Program (PUVMP).* - A PUV Modernization
15 Program, herein referred to as "the Program" is hereby established in order to
16 enhance the safety, efficiency and sustainability of public ground transportation. The
17 Department of Transportation (DOTr), in consultation with other concerned agencies
18 and stakeholders, shall develop and promulgate guidelines and policies for the
19 phased transition from the current PUVs to standards-compliant vehicles. The DOTr
20 shall also provide for consultation and policy-making spaces through which
21 stakeholders in the process can provide recommendations and reform options to
22 DOTr and other relevant government agencies.

23 *Sec. 5. Engine and Replacement Specification.* -

- 24 a) PUVs tested and proven to be road-worthy by the DOTr and Department of
25 Trade and Industry's Bureau of Philippine Standards (DTI-BPS) shall only be
26 required to have engines replaced to be Euro 4 compliant;
- 27 b) The remaining budget under DTI's Comprehensive Automotive Resurgence
28 Strategy (CARS) program shall be used to incentivize and support the creation
29 and assembly of locally manufactured PUV units and parts;
- 30 c) Only emission testing centers duly authorized by the DTI, and which follow
31 the standards set by the Department of Environment and Natural Resources

1 (DENR) and DOTr shall be used in registering PUVs in regular emission
2 testing; and

3 d) DOTr shall plan for a phased implementation of the program following a five
4 (5) year transition period.

5 *Sec. 6. Financial Assistance. –*

6 a) Government Subsidy - Government financial assistance provided to
7 drivers/operators who elect to modernize shall not be lower than twenty
8 percent (20%) of the price per unit to lighten the capital burden of
9 modernization; and

10 b) Loan Interest/Payment Options:

11 1. A tripartite mechanism involving government, financing institutions and
12 PUV operators/owners shall be established to set policies for the loan
13 program and other issues on implementation. Loan requirements shall
14 be simplified and tailored to the current situation and standing of PUV
15 drivers and operators.

16 2. The interest rate on loan amortization shall not exceed four per cent
17 (4%) diminishing annual interest considering the mass/public nature of
18 PUV services.

19 3. The loan amortization period shall be at least fifteen (15) years;
20 subject to re-computation once a driver/operator decides to shorten
21 the said period or is able to pay in full before its maturity: *Provided,*
22 that the total cost of the monthly amortization shall be proportional to
23 the monthly income of a PUV driver or operator.

24 *Sec. 7. Compensation Option. –* A driver who can no longer take part in the
25 PUV sector due to the Program shall be given a reasonable amount of financial
26 assistance to enable them to venture into other forms of livelihood.

27 *Sec. 8. Non-compliance with Consolidation. –* Existing operators who are not
28 able to comply with any consolidation requirement under the modernization
29 programs of the Department of Transportation may still be allowed to operate by
30 virtue of a one (1) year Provisional Authority, without losing the right to service its
31 current route.

1 Sec. 9. *PUV Sector Competitiveness Enhancement.* - To prevent unwanted
2 competition between drivers and operators planning on operating in the same area,
3 a "first usage"/"first presence" policy shall be implemented. Long term
4 existing/residential operators/drivers within a particular area shall be given priority in
5 route assignment.

6 Sec. 10. *Appropriations.*- The equivalent of twenty per cent (20%) annual
7 share on of the total gross collections of the Motor Vehicle User's Charge (MVUC)
8 collected pursuant to Republic Act No. 8794, as amended, shall be utilized to fund
9 this Act. The amount shall be indicated as a separate line item under the budget of
10 the DOTr in the annual General Appropriations Act (GAA).

11 Sec. 11. *Implementing Rules and Regulations.* - The Secretary of the
12 Department of Transportation, in consultation with other relevant government
13 agencies and transport sector groups, shall issue the rules and regulations necessary
14 for the effective implementation of this Act within sixty (60) days of its effectivity;

15 Sec. 12. *Separability Clause.* - If for any reason, any part or provision of this
16 Act is declared invalid or unconstitutional, the remaining parts or provisions not
17 affected thereby shall remain in full force and effect.

18 Sec. 13. *Repealing Clause.* - All laws, executive orders, presidential decrees,
19 rules and regulations or parts thereof contrary to or inconsistent with any provisions
20 of this Act are hereby repealed, amended or modified accordingly.

21 Sec. 14. *Effectivity.* - This Act shall take effect fifteen (15) days after its
22 publication in the Official Gazette or in two (2) national newspapers of general
23 circulation.

Approved,