

DEPARTMENT ORDER NO. 2020 - 021

SUBJECT

GUIDELINES FOR THE SCRAPPING OF OLD PUBLIC UTILITY VEHICLE UNITS (PUVS) UNDER THE DEPARTMENT ORDER 2017-011 OTHERWISE KNOWN

AS THE OMNIBUS FRANCHISING GUIDELINES

DATE

: 1 1 NOVEMBER 2020

WHEREAS, The Department of Transportation (DOTr), as the primary policy, planning, programming, coordinating, and implementing agency of the Executive branch of the government, in the regulation of dependable, safe, and reliable transportation system and services, is mandated by laws to ensure the roadworthiness of vehicles operated in the streets and highways of the country;

WHEREAS, the Land Transportation Franchising and Regulatory Board (LTFRB), as an agency under the administrative supervision and control of the DOTr, is mandated to promulgate, administer, enforce, and monitor compliance of policies, laws, and regulations of public land transportation services;

WHEREAS, the Land Transportation Office (LTO), under the administrative supervision of the DOTr is tasked to rationalize, develop, and continually improve land transportation services and facilities and effectively implement the various transportation laws, and rules and regulations to achieve the desired objectives and uplift the economic well-being of the people;

WHEREAS, pursuant to Section 21 of R.A. 8749 or the Philippine Clean Air Act, the DOTC (now DOTr) shall develop an action plan for the control and management of air pollution from motor vehicles consistent with the Integrated Air Quality Framework;

WHEREAS, pursuant to R.A. 6969, otherwise known as "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990", mandates the control and management of the import, manufacture, process, distribution, use, transport, treatment, and disposal of toxic substances and hazardous and nuclear wastes in the country;

WHEREAS, Executive Order (EO) No. 125-A, series of 1987, states that the DOTr has the power to call on any agency, corporation or organization, whether public or private, to participate and assist in the preparation and implementation of its programs;

WHEREAS, pursuant to the Department Order No. 011, series of 2017, otherwise known as the "Omnibus Guidelines on the Planning and Identification of Public Road Transportation Services and Franchise Issuance" or Omnibus Franchising Guidelines (OFG), which aims to provide a reliable, safe, accessible, environment-friendly, dependable, efficient, and comfortable public road transportation throughout the country;

WHEREAS, under the Department Order No. 16, series of 2018, otherwise known as the "Guidelines on the Availment of the Equity Subsidy under the Public Utility Vehicle Modernization Program", all Public Utility Jeepneys (PUJs) dropped and substituted for the availment of the subsidy shall be surrendered for scrapping;

WHEREAS, relative to the implementation of the OFG, there is a need for the DOT; to call upon CTION private sectors for the implementation of the Scrapping Program under the Vehicle Useful Life CPY component of the PUV Modernization Program;

NOW THEREFORE, I, ARTHUR P. TUGADE, Secretary of the Department of Transportation, by virtue of the powers vested in me by law, hereby order the guidelines on the scrapping of old Public Utility Vehicles (PUV):

SECTION 1. DEFINITION OF TERMS

- 1.1. Old PUV units refers to PUV units which already reached the mandatory age limit as prescribed by existing DOTr and LTFRB issuances or PUV units which did not pass the road worthiness test.
- 1.2. Road Worthiness Test refers to the examination and inspection by the LTO to determine whether such motor vehicle is unfit to operate pursuant to LTO's Motor Vehicle Inspections System
- 1.3. End of Life Vehicles (ELVs) are motor vehicles classified as wastes and with components classified as wastes.
- 1.4. Interim Scrapping Facility refers to existing scrap facilities that shall function as interim scrapping facilities with the capacity to dismantle old PUVs. These facilities shall be duly registered and must be properly located in accordance with LGU local zonal ordinance and other health and environmental hazards protocols.
- 1.5. Treatment, Storage, and Disposal (TSD) Facility facilities where hazardous wastes are stored, treated, recycled, reprocessed, and/or disposed of, as prescribed under DENR AO No. 2004-36.
- 1.6. Scrapping Certificate refers to the document issued by the Scrapping Facility to the operator stating that the old PUV unit/s was/were already disposed of in accordance with this DO and other existing laws and policies.
- 1.7. Blacklisting refers to the process by which the LTO disallows the registration and consequent use of unsuitable engines and chassis.
- **1.8. Dropping of Unit** refers to the process by which the LTFRB cancels the permit of an old PUV unit.

SECTION 2. SCRAPPING PROCESS

Following shall be the basic scrapping process of the old PUV units:

- 2.1. Existing scrapping facilities shall be enjoined to participate in the Scrapping Program as interim scrapping facilities for the next two (2) years pending availability of large-scale vehicle scrapping facilities. Large scale vehicle scrapping facilities are envisioned to be constructed in strategic locations to scrap old PUJs and other polluting private vehicles pursuant to the Clean Air Act.
- **2.2.** Cooperatives/Corporations shall submit a letter of intent to the Authorization Committee, through the Regional Secretariat concerned, stating the following information:
 - 2.2.1. Number of PUV units and corresponding chassis and engine numbers, and D COPY

2.2.1. Name of proposed interim scrapping facility

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- **2.3.** The Regional Secretariat concerned shall stamp the letter of intent upon receipt. The duly stamped letter of intent shall only be valid for six (6) months by which old units must be processed for scrapping;
- 2.4. The cooperatives/corporations shall surrender the Certificate of Registration (CR) and the latest Registration documents of the units to be scrapped to the Regional Secretariat concerned for the blacklisting of the chassis and the engine;
- 2.5. The cooperatives/corporations shall submit the acknowledgement letter to their selected scrapping facility, and ensure that the scrapping of old units be executed on the prescribed timeline as stated on the duly stamped letter of intent;
- 2.6. The interim scrapping facilities shall then issue a Scrapping Certificate (Annex A) stating that the old PUV units were already disposed of in accordance with the guidelines and other existing laws and policies; and
- 2.7. The cooperatives/corporation shall submit a copy of the Scrapping Certificate to the Authorization Committee.

SECTION 3. ACCREDITATION OF INTERIM SCRAPPING FACILITIES

Within 30 days from the effectivity of this Department Order, the DOTr, through the LTFRB, in coordination with the Department of Environment and Natural Resources (DENR) and the Department of Trade and Industry (DTI) and their respective regional offices, shall issue the list of Scrapping Facilities qualified to apply for accreditation. These qualified facilities shall refer to those which are duly registered and have complied with the standards set forth by both the DTI and the DENR.

3.1. Minimum Requirements for Accreditation

The minimum requirements and standard procedure which the interim scrappage facility should comply with to be granted a provisional permit to operate for the first two years are as follows:

3.1.1. Registration and Certificate

The Interim Scrapping Facility must be registered with the DTI and must possess an Environmental Compliance Certificate ("ECC") and a Hazardous Waste Generator's ID or DENR ID, duly issued by the regional offices of the Environmental Management Bureau (EMB) of the DENR, as well as the necessary permits, such as the Fire Safety Inspection Certificate (FSIC), issued by their respective Local Government Units (LGUs). In addition, the Scrapping Facility or its partner Treatment, Storage, and Disposal (TSD) facility must possess a permit to transport hazardous waste duly issued by the DENR.

3.1.2. Partnership with TSD Facilities

The Interim Scrapping Facility should have an identified partner TSD facility or facilities which will treat, store, and properly dispose of hazardous fluids and wastes generated from the dismantling of old PUV units. Identified partner TSD facilities should be duly registered with the DTI and authorized to operate by the regional offices of the EMB of the DENR. This partnership with TSD facility or property facilities shall be executed through a Memorandum of Agreement (MOA).

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3.1.3. Facility Location and Capacity

The Interim Scrapping Facility should have an adequate gated area to handle and dismantle old PUV units and must be located in accordance with LGU's local zonal ordinance. The dismantling area should be equipped with standard mechanical tools and a separate storage facility for recyclable/reusable materials, as well as the capacity to properly classify and store all divested parts according to their main material compositions.

3.1.4. Checking of Chassis and Engines in the Blacklist

For the verification of chassis and engine numbers on the blacklist, the Interim Scrapping Facility must have an area or office with at least a table, chairs, a computer with stable internet connection, printer, and secure filing cabinet where documents shall be kept.

Temporary Storage of Batteries and Hazardous Wastes 3.1.5.

The Interim Scrapping Facility must have a clearly designated and properly labelled area for the temporary storage of hazardous wastes. This temporary storage area must not be approximate or leading to the local sewer system and must have appropriate fire hazard controls. All generated hazardous wastes in this temporary storage area must be regularly cleared and transported to identified partner TSD facilities for permanent treatment and proper disposal. Handling of these hazardous wastes shall be done by authorized personnel only and in strict compliance with the DENR Administrative Order No. 2013-22 or the Revised Procedures and Standards for the Management of Hazardous Wastes.

Interim scrapping facilities awarded with the provisional permit may only operate for a period of two (2) years as an accredited scrappage facility under the PUVMP subject to compliance with the requirements set forth by the DENR and the DTI. Adoption of this accreditation scheme and renewal of this provisional permit shall be subject to the availability of large-scale vehicle scrapping facilities.

3.2. Accreditation Process

The accreditation of interim scrapping facilities shall be based on their compliance with the above-mentioned minimum requirements and the submission of complete documentary requirements. Only scrapping facilities registered with the DTI and the DENR will be allowed to participate in the interim scrapping program. The following shall be the basic accreditation process:

- 3.2.1. The Regional Secretariat concerned shall secure a copy of all existing registered scrapping facilities from the DTI and the DENR;
- The Authorization Committee, through the LTFRB, shall publish a request for 3.2.2. expression of interest for qualified facilities interested to participate in the scrappage program;
- The Scrapping facility shall submit a letter of intent to the Regional Secretariat CTION concerned signifying their interest to participate in the scrappage program with the list of their partner TSD facilities, and other documentary requirements as 0 required; REPRODUCTION COPY WITH.

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- 3.2.4. The Technical Working Group (TWG) shall evaluate and verify the documentary requirements vis-a-vis the minimum accreditation criteria stated in Section 3, par. A and give final recommendation to the Authorization Committee;
- The Authorization Committee shall issue a Certificate of Accreditation for those who satisfactorily complied with the minimum standards. An evaluation notice with specific recommendations will be issued to scrapping facilities who failed to meet the minimum standards, and a re-evaluation shall be granted after due compliance thereof: and
- The Authorization Committee, through the LTFRB, shall issue a list of accredited 3.2.6. scrapping, for reference of the PUV operators.

SECTION 4. CONSTITUTION OF AUTHORIZATION COMMITTEE, TECHNICAL WORKING **GROUP AND REGIONAL SECRETARIATS**

4.1. The Authorization Committee shall be composed of the following:

Co-Chairpersons	 Undersecretary or Assistant Secretary for Road Transport and Infrastructure, Department of Transportation (DOTr) Assistant Secretary, Land Transportation Office (LTO) Chairman, Land Transportation Franchising and Regulatory Board (LTFRB)
Members	 Assistant Secretary for Planning and Project Development, Department of Transportation (DOTr) Executive Director, Land Transportation Office (LTO) Executive Director, Land Transportation Franchising and Regulatory Board (LTFRB) Chairman, Office of Transportation Cooperatives (OTC)

- 4.1.1. Duties and Responsibilities of the Authorization Committee:
 - It shall provide general direction on the implementation of the 4.1.1.1. Scrappage Program:
 - It shall approve and issue the Implementing Guidelines for the program; 4.1.1.2.
 - 4.1.1.3. It shall approve accreditation of provisional scrappage facility:
 - 4.1.1.4. It shall perform oversight, monitoring and evaluation duties;
 - It shall facilitate the blacklisting or cancellation of OR/CR of vehicles for 4.1.1.5. scrapping in coordination with the LTO and the LTFRB; and
 - CERTIFIED COPY 4.1.1.6. It shall perform other pertinent duties and functions.

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4.2. The Technical Working Group (TWG) shall be composed of the following:

• Technical Officers form the DOTr Road Transport and Infrastructure
• Technical Officers form the DOTr Planning and Project Development
Technical Officers form the LTO, the LTFRB, and the OTC
Representatives from the DTI
Representatives from the DENR
Representatives from the Regional PUVMP PMOs
 Representatives from the University of Asia and the Pacific (UA&P) Study Team

4.2.1. Duties and Responsibilities of the TWG:

- 4.2.1.1. It shall provide technical support to the Authorization Committee;
- 4.2.1.2. It shall draft the Implementing Guidelines of the program;
- 4.2.1.3. It shall provide recommendations to the Authorization Committee with regards to the implementation of the program and accreditation of scrapping facilities;
- 4.2.1.4. It shall verify and evaluate the documentary requirements of participating scrapping facilities and give final recommendation to the Authorization Committee;
- 4.2.1.5. It shall conduct regular monitoring and inspection of scrapping facilities to determine compliance with the regulations herein;
- 4.2.1.6. It shall establish a database, through the LTFRB in coordination with the LTO, containing reports of all engines and chassis disposed, number of units scrapped, as well as all related information on cooperatives/corporations participating in the Scrappage Program;
- 4.2.1.7. It shall consolidate the list of steel companies for industry collaboration, in close coordination with the DENR and the DTI and their regional branches, to facilitate higher scrap value and immediate disposal of scrap metals and engines;
- 4.2.1.8. It shall coordinate with the Regional Secretariats, as necessary;
- 4.2.1.9. It shall monitor the implementation and evaluate of the program; and
- 4.2.1.10. It shall perform other functions assigned by the Authorization Committee.

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4.3. The Regional Secretariats shall be composed of the following:

Regional Coordinator	Regional Directors – LTFRB or their authorized representatives
Regional Secretariat Members	Representatives from the LTO, the LTFRB, and the OTC regional offices
	Representatives from the Regional PUVMP PMOs
	Representatives from the DTI Regional Offices
	Representatives from the DENR Regional Offices

4.3.1. Duties and Responsibilities of the Regional Secretariat:

- 4.3.1.1. It shall provide administrative and logistical support to the Authorization Committee and the TWG on the implementation of the Scrappage Program;
- 4.3.1.2. It shall facilitate the acknowledgement and stamping of the letters of intent to scrap the PUVs of participating cooperatives/corporations within their respective regions;
- 4.3.1.3. It shall maintain and regularly update a database, through the LTFRB in coordination with the LTO, containing reports of all engines and chassis disposed, number of units scrapped, as well as all related information on cooperatives/corporations participating in the Scrappage Program;
- 4.3.1.4. It shall provide the updated list of eligible scrapping facilities, through regional offices of the DTI and the EMB-DENR, for verification and evaluation by the TWG and approval by the Authorization Committee;
- 4.3.1.5. It shall facilitate the publication of expression of interest for qualified facilities to participate in the scrappage program, through the LTFRB and the OTC;
- 4.3.1.6. It shall coordinate with the regional offices of the DTI and the EMB-DENR responsible in the issuance of relevant permits to participating scrapping facilities, as necessary; and
- 4.3.1.7. It shall perform other tasks as may be required by the Authorization Committee and the TWG.

SECTION 5. FUND APPROPRIATION

The DOTr shall appropriate and allocate funds to cover expenditures for the effective implementation of activities related to the Scrapping Program subject to the usual government accounting and auditing rules and regulations.

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SECTION 6. TRANSITORY PROVISION.

The LTFRB and the LTO shall jointly formulate a Memorandum Circular for the implementation of this policy within thirty (30) days from the issuance of this Department Order.

Further, the cooperatives and corporations who participated in the initial implementation of the PUVMP shall be allowed to avail the equity subsidy, provided that all other requirements have been complied, pending the availability of the authorized scrapping and TSD facilities. Likewise, the LTFRB shall ensure the dropping of units while the LTO shall secure the blacklisting of chassis and engines of the old PUVs and provide certification to the Government and Financing Institutions (GFIs).

SECTION 7. REPEALING CLAUSE.

All issuances inconsistent with this Department Order are hereby superseded and/or repealed.

SECTION 8. EFFECTIVITY.

This Department Order shall take effect fifteen (15) days following the completion of its publication in the Official Gazette and/or in a newspaper of general circulation and/or the filing of three (3) copies with the UP Law Center pursuant to Memorandum Circular 11 dated 09 October 1992 of the Office of the President.





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Republic of the Philippines
DEPARTMENT OF TRANSPORTATION
Clark Freeport, Pampanga

CERTIFICATION

and disposed of on _ Given this ____ of 100% of the materials listed below have been scrapped for whatever legal purpose it may serve. 2020, this certification is hereby given to This is to certify that Items: , located at

Name and Signature of Representative

Certified by:

Name of Scrapping Facility

GSD-RECORDS SECTION CERTIFIED COPY

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