

AMENDING NATIONAL BUDGET CIRCULAR (NBC) NO. 446 DATED NOVEMBER 24, 1995, ON THE SUBJECT, "GUIDELINES ON THE ACQUISITION AND RENTAL OF MOTOR VEHICLES";

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1

Purpose

This Circular is being issued to:

- 1.1 Amend NBC No. 446 to rationalize/refine existing policies relative to the acquisition of motor vehicles for government use;
- 1.2 Prescribed policy guidelines on the purchase of "second hand/reconditioned" transport and heavy equipment as an alternative mode of motor vehicle acquisition; and
- 1.3 Update the Motor Vehicle Classification and Specifications Guide or MVCSG to cover current motor vehicle models available in the market that are deemed most appropriate for the prevailing service vehicular requirements of the government.

2

General Policy

Pursuant to the policy of the State to promote the optimum utilization of public resources, the acquisition of motor vehicles for government use shall be rationalized to enhance economy in government operations. For this purpose, motor vehicles to be acquired shall be limited to those that are deemed necessary and appropriate for the performance of government official functions and activities requiring transport.

3

Specific Amendments

To effect a uniform understanding of vehicle classifications and the inclusion of modified specifications of motor vehicles appropriate for government use. Annex A (Typology of Government Motor Vehicles) is herein made part of this Circular, while Annex B* (Revised Motor Vehicle Classification and Specifications Guide or RMVCSG) and paragraphs 4.1 and 4.2 of NBC No. 446, s. of 1995, are hereby amended to read as follows:

"4.1 National government agencies (NGAs), including government-owned and/or -controlled corporations (GOCCs) and state universities and colleges (SUCs), may purchase the following types of vehicle chargeable against their respective appropriations authorized for the purpose upon approval by the Agency Head and the Secretary of Budget and Management:

Motor vehicles with either imported or locally manufactured chassis and body

- medical ambulances
- military and police patrol vehicles
- armored vehicles
- fire trucks

- heavy equipment for road construction, waste management/environmental sanitation, farm cultivation; and cargo transport/delivery (e.g., graders, payloaders, dumptrucks, compactors, farm tractors, delivery/cargo vans or trucks)

Motor vehicles with locally manufactured chassis and body

- passenger wagons/vans
- Asian Utility Vehicles (AUVs) of High Side Pick Up with Roof (HSPUR) utility vehicles
- mini buses/buses
- agency-specific purpose vehicles (e.g., prisoners' vans, OB vans, etc.)

Other motor vehicles

- motorized boats
- motorcycles and tri-wheel vehicles
- assembled owner-or passenger -type jeep/jitney/jeepney cdrep

4.2 The purchase of the following motor vehicles is subject to the approval of the President:

cars (sedan or hatchback type)

motor vehicles with imported chassis and body

- passenger wagons/vans
- pick-ups and all-terrain vehicles
- mini-buses/buses
- agency-specific purpose vehicles

aircraft and seacraft"

4

Purchase of "Second-Hand/Reconditioned" Transport and Heavy Equipment

Generally, acquisition of brand new units by outright purchase (paid for on a single, lump-sum basis) shall be adopted as a mode of motor vehicle acquisition.

In exceptional cases, however, particularly when acquisition of brand new units by outright purchase is not feasible, the purchase of second-hand/reconditioned transport and heavy equipment as an alternative mode of acquisition may be authorized, subject to the following requirements:

4.1 The mileage of the second-hand vehicle to be purchased, estimated from the time it was originally acquired as a brand new unit, must not exceed 50,000 kms. for high official function cars/sedans, passenger vans/wagons, and other service vehicles and 60,000 kms. for utility vehicles. Mileage refers to the total distance travelled by the vehicle to be purchased. LexLib

4.2 The remaining useful life of the vehicle to be purchased must not be lower than five (5) years in the case of high official function cars/sedans, passenger vans/wagons, and other service vehicles and three (3) years in the case of utility vehicles. For purposes of this Circular, remaining useful life refers to the difference between the estimated service life of the subject vehicle and the number of years of actual service of the same. (The generally accepted estimated service life of high official function cars/sedans, passenger vans/wagons, and other service vehicles is seven (7) years while that of utility vehicles is five (5) years).

4.3 The price or amount at which the second-hand/reconditioned vehicle is to be acquired must not exceed its Remaining Useful Value (RUV).

For this purpose, the standard formula to compute for the RUV is:

$RUV = (AC - SV) \times R/L + SV$, where:

RUV = Remaining useful value

AC = Acquisition cost or the price/amount at which the vehicle was originally purchased or acquired as a brand new unit

SV = Salvage value or the amount equivalent to ten percent (10%) of the AC of the vehicle

R = Remaining useful life (as defined in Section 4.2 above)

L = Estimated service life or the length of service life that may be expected from a brand new model of a similar unit assuming normal utilization

4.4 In the case of second-hand/reconditioned heavy equipment (for waste management, construction and maintenance of roads and bridges) which includes, but are not limited to, dump trucks, graders, payloaders, road rollers, cement mixers and other related equipment, all pertinent data/specifications must be provided by the requesting agency as basis for DBM evaluation considering that the requesting agency as basis for DBM evaluation considering that the specifications/features vary according to manufacturer, size capacity, intended use, etc.

4.5 All second-hand/reconditioned vehicles to be purchased must be operational and in good running condition. The general obsolescence of the transport and heavy equipment, the availability of spare parts, and the quality, degree and extent of repair and maintenance requirements must also be fully considered in the acquisition of second-hand/reconditioned equipment. For this purpose, certification/documentation pertaining to the aforementioned aspects must accompany all requests for purchases of second-hand/reconditioned transport and heavy equipment.

4.6 All purchases of second-hand/reconditioned transport and heavy equipment shall be subject to existing policy guidelines on the acquisition of motor vehicles and the applicable specifications/classifications prescribed under the attached RMVCSG.

5

Acquisition Of Motor Vehicles By Local Government Units (LGUs)

Pursuant to Administrative Order No. 339 entitled, "Prescribing Guidelines and Specifications of Motor Vehicles for Local Government Units," issued on June 6, 1997, Governors, City and Municipal Mayors and Punong Barangays are authorized to purchase transport and heavy equipment for their respective provinces, cities, municipalities and barangays out of unencumbered local funds covered by an appropriations ordinance specifically authorizing/earmarking the appropriations for the purpose, subject to specifications prescribed therein.

Notwithstanding, however, purchase of motor vehicles by LGUs out of the Countrywide Development Fund (CDF), other Special Purpose Funds, or out of any other appropriation under the Annual General Appropriations Act, shall be subject to the provisions of NBC No. 446, s. of 1995, and this Circular.

6

Typology of Government Motor Vehicles

All acquisitions of motor vehicles that may be authorized for NGAs, GOCCs, SUCs and LGUs shall be guided by the descriptive definition and information prescribed in the Typology Of Government Motor Vehicles herewith

attached as Annex A.

7

Revised Motor Vehicle Classification and Specifications Guide

The maximum allowable specifications prescribed in the Revised Motor Vehicle Classification and Specifications Guide herewith attached as Annex B, shall apply to all purchases and rentals of motor vehicles that may be authorized for NGAs, GOCCs, SUCs and LGUs.

8

Applicability of NBC No. 446

The provisions of NBC No. 446, s. of 1995, except those modified in this Circular, shall continue to be applicable.

9

Repealing Clause

The provisions of NBC No. 446 which are inconsistent with this Circular are hereby rescinded, repealed and/or modified accordingly.

10

Effectivity

This Circular shall take effect immediately.

Adopted: January 30, 1998

(SGD.) SALVADOR M. ENRIQUEZ, JR.

Secretary

Attachment:

ANNEX A

(NBC 446-A)

Typology of Government Motor Vehicles

The typology of government motor vehicles prescribed herein shall apply to all acquisitions of motor vehicles that may be authorized for NGAs, GOCCs, SUCs and LGUs.

Motor Vehicle Classification by Body Type

1. Car (Sedan or Hatchback) — a four-wheel enclosed automobile having four side doors (a rear fifth door or tailgate hinged at the top is present in hatchback models) and seating four to six (4-6) passengers including the driver, on two rows of seats (common configuration includes split front seat and rear bench seat). The passenger cabin is separate from the limited luggage compartment or trunk (located usually at the rear).
2. Passenger Wagon — a four-wheel enclosed automobile having five doors (four side doors and a rear fifth door or tailgate) with one or more rows of folding or removable seats behind the driver and no luggage compartment but an area behind the seats accessible through the tailgate into which can be hauled luggage, cargoes, etc. Seating capacity ranges from five to ten (5-10) passengers, including the driver. The main difference between a sedan and a wagon is the "extra room" for people and cargoes.
3. Passenger Van — a large four-wheel enclosed vehicle intended for conveying passengers and/or hauling cargo, traditionally having four doors (two side doors for the driver and front passengers, a single passenger side sliding

door and a tailgate), a seating capacity ranging from eight to fifteen (8-15) passengers, including the driver. It has several rows of folding or removable seats behind the driver and no luggage compartment but an expendable area at the rear into which can be hauled luggage, cargoes, etc. This type varies from full-size minivan models.

4. Pick-up — a four-wheel compact truck with a low sided open cargo hauler, a passenger cab (regular/single or extended/crew cab type) accommodating two to six (2-6) passengers on split and/or bench seat, varying with two or four side doors, with fully imported chassis and body. A pick-up truck is designed to carry both passengers and cargoes.

5. Asian Utility Vehicle (AUV) or High Side Pick-Up with Roof (HSPUR) — a fully or partially enclosed four-wheel general purpose utility vehicle having two compartments, specifically, the front cabin/cab with two side doors, seating three passengers, including the driver on a full width seat, and the rear deck accommodating eight to sixteen passengers on facing collapsible bench seats accessible through rear door(s), with locally manufactured chassis and body.

6. Assembled Owner — or Passenger-Type Jeep/Jitney/Jeepney — a fully or partially enclosed four-wheel assembled general purpose utility vehicle with locally manufactured chassis and body fitted with a reconditioned/surplus engine. An owner-type jeep can accommodate five to seven (5-7) passengers on the split type or full width front seat and the two to three folding or removable rear bench seats. Passenger-type jeepney/jitney has two compartments, specifically, the front cabin/cab seating two to three (2-3) passengers, including the driver on a full width seat or split front seat, and the rear deck accommodating twelve to eighteen (12-18) passengers, on facing collapsible rear bench seats. Side and rear doors are optional.

7. Bus/Mini-Bus — a four or six-wheel heavy and long bodied motor vehicle with locally manufactured or fully imported chassis and body, primarily designed to carry a comparatively large number of passengers. A bus for government use varies from full size bus, with a seating capacity not exceeding 60 passengers, including the driver, to a mini-bus, with a seating capacity not exceeding thirty passengers.

8. Heavy equipment — a large and heavy-fabricated automobile vehicle used in construction, improvement, rehabilitation and maintenance of roads and bridges and other infrastructures, waste management and environment sanitation and related activities. Heavy equipment may be sub-classified as earth moving equipment for moving earth/soil or other analogous materials from one location to another which are relatively near each other, for levelling uneven earth surfaces, and for similar projects; compaction equipment used to make the soil rigid or well compacted in preparation for asphaltting or paving (cementing); lifting equipment which include cranes/hoists with boom and forklifts; excavating equipment for digging ditches, canals or waterways, and the like; asphaltting/concreting equipment used in transporting ready-mixed asphalt/cement as well as those used for applying/levelling asphalt/cement on the prepared soil; hauling equipment, which includes dump trucks, garbage trucks, cargo trucks and trailers; and other types of equipment such as pile driving, air pumping and shop equipment.

Motor Vehicle Classification by Service/Utilization —

1. Medical Ambulance — a vehicle equipped with some basic medical/life-saving apparatus or equipment and the interior is specially designed for the conduction or conveyance of sick and/or injured persons; for use in hospitals and other government agencies/facilities where an ambulance may be needed on stand-by at all times in case of emergency.

2. Patrol Vehicle — a motor vehicle (four-door sedan, AUV, owner-type jeep or motorcycle) for use in patrol operations within a city or municipality proper or highway patrol operations where speed and stability are critical

when pursuing other speeding vehicles.

3. Fire Truck — an automotive vehicle or full-size heavy-built truck for use in fire-fighting functions, mounted/installed with the necessary equipment such as water tank, water pumps, hoses, and other basic fire-fighting equipment. Simpler versions are built/manufactured locally by some truck/body builders utilizing available chassis cab units. The more sophisticated versions, such as those designed for high rise building fires, fully, equipped for the intended use, are imported from abroad.

4. Armored Vehicle — a four-wheel motor vehicle, armored (with metal protective covering), for use in transporting large quantities of cash and/or highly valuable items such as gold and the like. A bank or agency performing quasi-banking functions that would require the transport of large amounts of money and valuables may be authorized to acquire an armored vehicle. Locally available armored vehicles are built by truck/body builders utilizing chassis cab units and fitting them with armored plate and other necessary armored vehicle accessories.

5. All-Terrain Vehicle — a four wheel large, usually heavy sport-utility type vehicle (SUV) with high underchassis clearance and capable for use in traversing rugged and mountainous terrain or travelling off the road, usually with high piston displacements, powerful engine and four-wheel drive mechanism. Seating capacity varies from four to eight (4-8) passengers on front bucket or bench seats, regular rear bench seat and/or several optional rear bench seats which can be reconfigured to accommodate passengers and/or cargoes.

6. Agency-Specific Purpose Vehicle — a custom-built motor vehicle for special applications or specific function/purpose.

Other Motor Vehicle Classifications

1. Motorcycle — a two-wheel motor driven vehicle having one or two riding saddles and sometimes a third wheel for support of a sidecar (if present) for use by field workers assigned in the rural areas not normally accessible to four-wheel vehicles; for police and/or highway patrol operations or similar purposes.

2. Tri-wheel Vehicle — a three-wheel motor driven light vehicle with a pre-fabricated enclosed posterior cab, having two wheels and tear door(s), fitted/attached to a reconfigured/reinforced motorcycle, for hauling packages/cargoes and/or transport of minimal number of passengers. A tri-wheel vehicle is distinct from a tricycle (a motorcycle fitted with a sidecar).

3. Motorized Boat — a small and open vessel, engine powered, made of wood or fiberglass for use on water to complement off-shore/inter-island transport and patrol operations.

4. Aircraft — a vehicle or carrier capable of flight in the air (i.e. navigation of the air, designed to be supported by the air, either by the buoyancy of the structure or by the dynamic action of the air against its surfaces) and includes engine powered airplanes, helicopters, and other analogous vehicles.

5. Seacraft — an engine powered vessel intended for navigation on rivers, seas, oceans or other navigable waters.

[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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