AN ORDER PRIVATIZING THE MOTOR VEHICLE INSPECTION SYSTEM (MVIS) THROUGH AUTHORIZATION

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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. As provided for under Executive Order (EO) No. 125, series of 1987, it 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. In the exercise of such power, the Department may engage the private sector in the conduct of the Motor Vehicles Inspection System (MVIS) facility expansion.

WHEREAS, R.A. No. 4136[1], otherwise known as "Land Transportation and Traffic Code," states that "the Commissioner, (now Assistant Secretary of Land Transportation Office) or his deputies may at any time examine and inspect any motor vehicle to determine whether such motor vehicle is registered, improperly marked or equipped, or otherwise unfit to be operated because of possible excessive damage to highways, bridges and/or culverts." This is reiterated in Executive Order No. 125[2], which provides that the Bureau of Land Transportation (now LTO) shall establish and prescribe rules and regulation for the inspection and registration of public and land transportation facilities such as motor vehicles, tri-mobiles, and railroad lines;

WHEREAS, R.A. No. 8749[3], otherwise known as "Philippine Clean Air Act of 1999," states that "in order to ensure the substantial reduction of emissions from motor vehicles, the Department of Trade and Industry (DTI), together with the DOTC (now DOTr) and the Department of Environment and Natural Resources (DENR) shall formulate and implement a national motor vehicle inspection and maintenance program that will promote efficient and safe operation of all motor vehicles;"

WHEREAS, the Implementing Rules and Regulations of R.A. No. 8749[4] provides that "the DOTC (now DOTr) shall conduct the vehicle test utilizing the MVIS or its duly authorized and accredited inspection centers consistent with the R.A. No. 7349, otherwise known as the Consumer Act of the Philippines within sixty (60) days prior to date of registration;"

WHEREAS, R.A. No. 7718[5] states that "it is the declared policy of the State to recognize the indispensable role of the private sector as the main engine for national growth and development and provide the most appropriate incentives to mobilize private resources for the purpose of financing the construction, operation and maintenance of infrastructure and development projects normally financed and undertaken by the Government. Such incentives, aside from financial incentives as provided by law, shall include providing a climate of minimum government regulations and procedures and specific government undertakings in support of the private sector;

WHEREAS, LTO Memorandum Circular No. RTL-MC-02402 mandates the inspection testing of used-imported motor vehicles by accredited service shops as alternate MVIS for all major ports of entry for purposes of permit to travel and initial/first registration; and

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WHEREAS, In recent years, there has been a significant growth in the number of new vehicles registered in the LTO which consequently requires additional Motor Vehicle Inspection Centers to accommodate them in timely manner.

Accordingly, Filipino natural and juridical person or entities, that are qualified and without history of any violation in the inspection of motor vehicles, and equipped with the required inspection facilities to conduct vehicle inspection as a prerequisite to annual renewal of motor vehicle registration, may be authorized.

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 authorization of Private Motor Vehicle Inspection Centers (PMVICs):

SECTION 1. AUTHORIZATION. This refers to the authority granted by the DOTr which designates Filipino natural and juridical persons or entities to conduct the MVIS testing as a requirement for renewal of registration, which shall be valid for a period of five (5) years from the issuance of an Authorization Certificate and renewable for another five years.

Authorization Certificate shall be issued by the Authorization Committee, as discussed in Section 4 hereof, subject to the following conditions:

a. The PMVIC applicant must provide the necessary equipment facilities and database capable of being interfaced with the LTO-IT database;

b. Presentation of proof of application for accreditation with the DTI; and

c. The PMVIC applicant must have no recorded major violations in the conduct of any vehicle inspection/testing.

Within six (6) months of operation, the PMVIC shall secure an accreditation from the DTI-Philippine Accreditation Bureau (PAP). Only upon presentation of said accreditation document shall the MVIC authorization be renewed for another five (5) years.

The operation system of the PMVIC shall have the following categories:

a. Inspection of light duty vehicle;

b. Inspection of motorcycle; and

c. Mobile MVIS may be allowed in districts and regions with limited vehicle registration, thus PMVIC is not financially viable.

SECTION 2. QUALIFICATIONS OF APPLICANT. Any Filipino natural or juridical person may apply for Authorization to operate a PMVIC, provided that the following qualifications are met:

1. Sufficient financial capacity to establish a PMVIC in accordance with these Guidelines;

2. Adequate experience in motor vehicle inspection; and

3. No derogatory record in government procurement transactions.

No DOTr, DTI, DENR, DOE and LTO official/personnel, his/her spouse, or relative by consanguinity or affinity within the 3rd civil degree shall have ownership of or any beneficial and/or financial interest in any PMVIC.

SECTION 3. GUIDELINES FOR THE AUTHORIZATION OF PMVICs. The DOTr through the LTO, shall issue guidelines for Authorization of PMVIC which shall include, but not limited to the following:

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1. PROJECTED LANE REQUIREMENT;
2. DOCUMENTARY REQUIREMENTS;
3. PERSONNEL;
4. GENERAL REQUIREMENTS;
5. MAIN SYSTEM CONTROL COMPUTER;
6. MOTOR VEHICLE INSPECTION REPORT (MVIR);
7. INSPECTION OF VEHICLES;
8. HARDWARE AND SOFTWARE REQUIREMENTS;
9. SECURITY OF DATA, INTERFACE, & SYSTEM;
10. SYSTEM REQUIREMENTS;
11. INSPECTION PERIOD;
12. INSPECTION BASE FEES; and
13. POST-INSPECTION PROCEDURES.

SECTION 4. CONSTITUTION OF AUTHORIZATION COMMITTEE and SUB- COMMITTEES.

A. The Authorization Committee shall be composed of:

Chairman

Undersecretary for Road Transport and Infrastructure – DOTr

Vice-Chairman

Assistant Secretary for LTO

Member

-Assistant Secretary for Road Transport and Infrastructure –DOTr
-Assistant Secretary for Legal Affairs/Director for Legal Service – DOTr
-Executive Director, LTO

B. The Technical Working Group shall be composed of the following:

Chairman

Chief, Road Transport Planning Division (RTPD)

Vice-Chairman

Chief, Financial Division, LTO

Member

- Two (2) LTO MV1C Engineers; and
- Representative from the LTO Financial Division

C. The Inspection Team shall be composed of the following:

Head

LTO Executive Director

Member

-Representative from the TWG;
-Representative from the Secretariat;
- Representative from the Authorization Committee; and

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- Two (2) LTO MVIC Engineers.

D. The Secretariat shall be composed of the following:

Head

Road Transport Planning Division (RTPD) - DOTr

Member

Four (4) personnel from the DOTr - RTPD

4.1 Duties and Responsibilities of the Authorization Committee: The Authorization Committee's functions are as follows:

a. It shall evaluate and review all applications for Authorization andRenewal of PMVIC;

b. It shall authorize the Inspection Team to conduct ocular inspection prior to the approval of applications ensure that all the requirements have been complied with, when necessary;

c. It shall formulate guidelines, policies and procedures relative to PMVIC;

d. Order the suspension or cancellation of Authorization and imposition of fines or penalties to erring inspection

centers;
e. All questions on denial of application, order of suspensions or cancellation of Authorization and imposition of fines or penalties to erring PMVICs shall be subject for review by the Secretary through the Undersecretary for Road Transport and Infrastructure; and

f. It shall perform other pertinent duties and functions.

4.2 Duties and Responsibilities of the Technical Working Group:

The following are the functions of the Technical Working Group:

a. It shall evaluate the documents submitted by the PMVIC applicants and endorse them to the Authorization Committee for issuance of an Authorization;

b. It shall lead the monitoring activity and inspection of PMVIC;

c. It shall provide advisory and other information to the Authorization Committee in aid of policy making and decisions on authorization issuances;

d. It shall recommend sanctions for non-compliant PMVIC; and

e. It shall perform other tasks as may be required by the Authorization Committee.

4.3 Duties and Responsibilities of the Secretariat:

The Secretariat has the following duties:

a. It shall evaluate the documents submitted by PMVIC applicants and endorse the same to the Authorization Committee thru the Technical Working Group, together with its recommendations;

b. It shall issue notices of meetings and prepare the minutes thereof;

c. It shall prepare management reporting to the TWG for endorsement to the Authorization Committee which includes:

i. Quarterly summary of new applications and renewal;
ii. Quarterly summary of authorization recommended and issued, including reasons for denial;
iii. Quarterly summary of PMVIC inspection conducted;
iv. Summary of significant forthcoming events or activities, especially pending monitoring schedule; and
v. Other matters of relevance.

d. It shall perform other tasks as may be assigned by the Authorization Committee.

SECTION 5. PENALTY PROVISION. Any violation of the terms and conditions of the "Authorization Certificate" and these Guidelines, as well as any issuance by the Authorization Committee, shall be ground for the imposition of the following penalties:

FIRST OFFENSE

:

Php200,000.00 and 30-day suspension;

SECOND OFFENSE

:

Php500,000.00 and 60-day suspension;

THIRD OFFENSE

:

Cancellation of Authorization, also applicable for the following offenses or violations:

i. Non-compliance with the standards or methods of inspection as provided by law and regulation;
ii. Failure to comply with the laws, rules and regulations as imposed in this Order;

iii. Misrepresentation/fraudulent supporting documents for accreditation; and

iv. Other violations to issuance promulgated by the Authorization Committee.

5.1 A Cancelled PMVIC may file a Motion for Reconsideration in order to lift the Order of Cancellation with the Secretary of the DOTr. Resumption of operation shall only be allowed upon issuance of the Lifting Order and payment of Php 500,000.00.

Any person, natural or juridical (including its stakeholders/partners), whose Authorization has been previously cancelled and inspection equipment as per serial codes submitted during authorization shall be perpetually disqualified from applying for the same.

SECTION 6. TRANSITORY PROVISION. For regions and districts where there is no established PMVIC, the government MVIC shall continue to conduct inspection as a requirement to renewal of registration. For mountainous areas or districts with limited vehicle registrations, a scheduled test by the mobile Motor Vehicle Inspection Facility (MVIF) shall continue annually.

SECTION 7. REPEALING CLAUSE. All issuance inconsistent with this

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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.

(SGD) ARTHUR P. TUGADE

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[1] Article III, Section 4 (d)(6), Republic Act No. 4136, “An Act to Complete the Laws Relative to Land Transportation and Traffic Rules, to Create a Land Transportation Commission and for Other Purposes,” June 20, 1964.

[2] Section 13 (3), Executive Order No. 125, “Reorganizing the Ministry of Transportation and Communications Defining its Powers and Functions and for Other Purpose,” January 39, 1997.

[3] Section 21 (d), Republic Act No. 8749, “An Act Providing for a Comprehensive Air Pollution Control Policy and for Other Purposes,” June 23, 1999.

[4] Rule XXXII, Section 1, DENR Administrative Order No. 2000-81, Series of 2000, “Implementing Rules and Regulations of the Philippine Clean Air Act of 1999,” November 7, 2000.

[5] Section 1, Republic Act No. 7718, An Act Amending Certain Sections of Republic Act No. 6957, Entitled An Act Authorizing the Financing Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector, and for Other Purposes,” May 5. 1994.

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