



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF TRANSPORTATION

DEPARTMENT ORDER NO. 2019-002
Series of 2019

SUBJECT : REVISED ORDER ON PRIVATIZING THE MOTOR VEHICLE
INSPECTION CENTERS (MVICs) THROUGH AUTHORIZATION

DATE : 18 FEB 2019

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, 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. In the exercise of such power, the Department may engage the private sector in the conduct of the Motor Vehicle Inspection System (MVIS) facility expansion.

WHEREAS, Republic Act No. 4136¹, otherwise known as the "Land Transportation and Traffic Code of the Philippines", 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 or is unsightly, unsafe, overloaded, 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. 125², which provides that the Bureau of Land Transportation (now LTO) shall establish and prescribe rules and regulations for the inspection and registration of public and land transportation facilities such as motor vehicles, tri-mobiles, and railroad lines;

WHEREAS, Republic Act No. 8749³, otherwise known as the "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 Republic Act No. 8749⁴ provides that *"the DOTC (now DOTr) shall conduct the vehicle test utilizing the MVIS or its duly authorized and accredited inspection centers consistent with Republic Act No. 7394, otherwise known as the "Consumer Act of the Philippines", within sixty (60) days prior to date of registration"*;

WHEREAS, Republic Act No. 7718⁵ 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"*;

¹ Article III, Section 4 (d)(6), Republic Act No. 4136, "An Act to Compile 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 30, 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.

WHEREAS, LTO Memorandum Circular No. RTL-MC-02402 mandates the inspection and 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;

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 the volume of vehicles in timely manner;

WHEREAS, natural and juridical persons or entities, that are qualified and equipped with the required inspection facilities to conduct vehicle inspection as a prerequisite to annual renewal of motor vehicle registration, may be granted authorization;

WHEREAS, on 10 August 2018, the DOTr issued Department Order 2018-019 setting the guidelines in the Privatization of the Motor Vehicle Inspection Centers (MVIC) through Authorization;

WHEREAS, considering the need to expand the coverage of the motor vehicles, private or public, that will be subjected to MVIC and in order to check their roadworthiness that will promote public safety, certain provisions of the said Department Order are hereby revised and amended.

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 and establishment of Motor Vehicle Inspection System (MVIS) through Private Motor Vehicle Inspection Centers (PMVICs):

SECTION 1. AUTHORIZATION. An authority may be granted to qualified natural and juridical persons or entities to conduct the MVIS testing, which is a requirement for renewal of motor vehicle registration and which shall be valid for a period of five (5) years from the issuance of an **Authorization Certificate** and renewable every five (5) years thereafter upon compliance with the requirements as may be set forth by the Authorization Committee.

Authorization Certificate shall be issued by the Authorization Committee (AC), 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; and
- b. Other requirements set forth in the Implementing Rules and Regulations (IRR).

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

- a. Inspection of light-duty vehicle⁶;
- b. Inspection of motorcycle⁷; and
- c. Inspection of heavy-duty vehicle⁸.

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

1. Must be a Filipino Citizen or a Domestic Partnership or Corporation;
2. Sufficient financial capacity to establish a PMVIC in accordance with this Department Order and its IRR;
3. No derogatory record in government transactions;
4. Applicant/s/proponent/s⁹ is not related to any DOTr and/or LTO official/personnel, by consanguinity or affinity within the 3rd civil degree; and
5. Other requirements as may be set forth in the Implementing Rules and Regulations in accordance with this Department Order.

⁶ Light-duty vehicles are motor vehicles with gross vehicle weight (GVW) of up to 4,500 kgs (Republic Act No. 8794 as amended).

⁷ Motorcycle shall mean two or three-wheeled vehicle having one or two saddles including those with sidecars.

⁸ Heavy-duty vehicles are motor vehicles with gross vehicle weight (GVW) of greater than 4,500 kgs (Republic Act No. 8794 as amended).

⁹ Applicants/proponents shall include owners, incorporators, partners, stockholders, and/or any persons or entities having a financial interest in the PMVIC.

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

1. Projected lane requirement;
2. Documentary requirements;
3. Personnel;
4. Main system control computer;
5. Motor vehicle inspection report (MVIR);
6. Inspection of vehicles;
7. Hardware and software requirements;
8. Security of data, interface, and system;
9. System requirements;
10. Inspection period;
11. Inspection fees;
12. Post-inspection procedures;
13. Annual performance audit;
14. Curing of deficiencies;
15. Transparency;
16. Financial capacity;
17. Submission of documents; and
18. After-sales service requirement.

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

The Authorization Committee shall be composed of:

Chairman ¹⁰	Assistant Secretary for Procurement and/or Assistant Secretary for Project Implementation – DOTr
Vice-Chairman	Assistant Secretary for Legal Affairs-DOTr
Member	<ul style="list-style-type: none"> • Director, Finance Management Service/Chief, Budget Division – DOTr • Director for Franchising and Review Staff – DOTr • Three (3) Directors to be designated by the LTO Assistant Secretary

To assist the Authorization Committee in the conduct of its functions, it shall constitute a Technical Working Group and Secretariat to be composed of DOTr and LTO personnel with legal, technical and financial expertise and competence.

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 and Renewal of PMVICs;
- b. It shall authorize the Inspection Team to conduct final inspection prior to the issuance of the Notice to Operate to ensure that all the requirements have been complied with;
- c. It shall formulate guidelines, policies and procedures relative to PMVICs;
- d. Order the suspension or cancellation of Authorization and imposition of fines or penalties to erring inspection centers;
- e. All questions on denial of applications, order of suspensions or cancellation of Authorization and imposition of fines or penalties on erring PMVICs shall be final. However, only one motion for reconsideration of an approved order or resolution shall be allowed, the same to be filed within five working days from notice thereof with the Authorization

¹⁰ The Chairman of the Authorization Committee shall not vote except in case of a tie. Should there be a tie between and among applicants, the same shall be decided through a toss coin which shall be defined in the IRR.

H *LS* *on*

Committee. The filing of a Motion for Reconsideration shall not hold in abeyance the evaluation of other applicants;

- f. The Authorization Committee shall evaluate, review, assess the need for additional centers. Likewise, in case of unavailability of site assigned area and lack of proponents, the Authorization Committee may transfer the PMVIC Site from one area to another within the region, or adjacent region; and
- g. 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 legal, technical and financial components in the documents submitted by the PMVIC applicants and endorse the same to the AC;
- b. It shall lead the monitoring activity and inspection of PMVIC. For this purpose, it may constitute and establish an Inspection Team/s subject to prior approval of the AC;
- 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;
- 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 completeness and incompleteness of the documents submitted by PMVIC applicants and endorse the same to the Technical Working Group;
- 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:
 - 1. Quarterly summary of new applications and renewal;
 - 2. Quarterly summary of authorization recommended and issued, including reasons for denial;
 - 3. Quarterly summary of PMVIC inspection conducted;
 - 4. Summary of significant forthcoming events or activities, especially pending monitoring schedule; and
 - 5. Other matters of relevance.
- d. It shall perform other tasks as may be assigned by the Authorization Committee.

SECTION 5. PENALTY PROVISION. The following violations, among others, shall be grounds for the imposition of the following penalties

- 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 issuances promulgated by the Authorization Committee, and other analogous violations.

FIRST OFFENSE: Php 200,000.00 and 30-day suspension;

SECOND OFFENSE: Php 500,000.00 and 60-day suspension;

THIRD OFFENSE: Cancellation of Authorization

5.1 Proprietor/Owner of a Cancelled PMVIC may file a Motion for Reconsideration before the DOTr Secretary for the issuance on an Order lifting the Cancellation of Authorization. Resumption of operation shall only be allowed upon issuance of the Lifting Order.

Any person, natural or juridical (including its stakeholders/partners), whose Authorization has been previously cancelled and whose inspection equipment as per serial codes were 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 issuances inconsistent with this Department Order are hereby superseded and/or repealed.

SECTION 8. EFFECTIVITY. This shall take effect following the completion of its publication in the Official Gazette or in two (2) newspapers of general circulation in the Philippines once a week for three (3) consecutive weeks.

[Handwritten signature]
ARTHUR P. TUGADE
Secretary
[Handwritten initials]



DOT-OSEC OUTGOING 19-00150

[Handwritten initials]