



Republic of the Philippines
DEPARTMENT OF TRANSPORTATION & COMMUNICATIONS
OFFICE OF THE SECRETARY

March 19, 1992

DEPARTMENT ORDER NO. 92-581

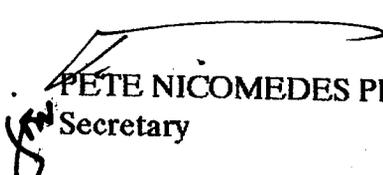
Subject: Flexibility of Fares in Provincial Jeepney Operations

Pursuant to the authority of the DOTC to determine, fix or prescribe charges or rates pertinent to the operation of public land transportation services under Executive Order No. 125, as amended, and Section 3(15), Chapter I, Title XV of the Administrative Code of 1987, the fare range scheme heretofore enjoyed by provincial bus operators per LTFRB decision on Case 90-4794, shall be extended to provincial jeepneys. Accordingly, all provincial operators of public utility buses and jeepneys are hereby authorized to charge within a fare range of 15% below to 15% above the basic per kilometer rate in their respective routes.

This policy is impelled by the necessity to: (a) recognize the real benefits enjoyed by passengers now paying lower than the basic fare, (b) protect passengers in remote and mountainous areas from being charged far in excess of the basic rate, (c) equalize the operating flexibility between bus and jeepney operations, and between gas- and diesel-fed jeepneys, and (d) to encourage transport operators to upgrade services to less accessible places of the country.

This Order shall apply only to inter-municipality, inter-provincial, and inter-regional routes, and shall exclude public utility vehicles operating in the National Capital Region and within a municipality or city. Regional offices of LTO and LTFRB are hereby instructed to monitor closely the fare charging practices of all operators and to ensure that the limits set hereunder are observed for the protection of the riding public.

This Order shall take effect on a provisional basis within fifteen(15) days after notice to operators and may be modified or made permanent after due public hearings in the respective regions.


PETE NICOMEDES PRADO
Secretary

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where there are limitations in facilities, such as congested road space in urban areas, or at airports and ports, the use of demand management measures in conformity with market principles may be considered.

The right of an operator to leave the industry is recognized as a business decision, subject only to the filing of appropriate notice and following a phase-out period, to inform the public and to minimize disruption of services.

2. Rate and Fare Setting. Freight rates shall be freed gradually from government controls. Passenger fares shall also be deregulated, except for the lowest class of passenger service (normally third class passenger transport) for which the government will fix indicative or reference fares. Operators of particular services may fix their own fares within a range 15% above and below the indicative or reference rate.

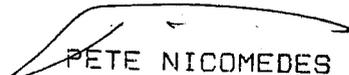
Where there is lack of effective competition for services, or on specific routes, or for the transport of particular commodities, maximum mandatory freight rates or passenger fares shall be set temporarily by the government pending actions to increase the level of competition.

For unserved or single operator routes, the government shall contract such services in the most advantageous terms to the public and the government, following public bids for the services. The advisability of bidding out the services or using other kinds of incentives on such routes shall be studied by the government.

3. Special Incentives and Financing for Fleet Acquisition. As a matter of policy, the government shall not engage in special financing and incentive programs, including direct subsidies for fleet acquisition and expansion. Only when the market situation warrants government intervention shall programs of this type be considered. Existing programs shall be phased out gradually.

The Land Transportation Franchising and Regulatory Board, the Civil Aeronautics Board, the Maritime Industry Authority are hereby directed to submit to the Office of the Secretary, within forty-five(45) days of this Order, the detailed rules and procedures for the implementation of the policies herein set forth. In the formulation of such rules, the concerned agencies shall be guided by the most recent studies on the subjects, such as the Provincial Road Passenger Transport Study, the Civil Aviation Master Plan, the Presidential Task Force on the Inter-island Shipping Industry, and the Inter-island Liner Shipping Rate Rationalization Study.

For the compliance of all concerned.


PETE NICOMEDES PRADO
Secretary