



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

30 March 1992

DEPARTMENT ORDER NO. 92- 587

**DEFINING THE POLICY FRAMEWORK ON THE
REGULATION OF TRANSPORT SERVICES**

WHEREAS, Executive Order No. 125 as amended, designates the Department of Transportation and Communications (DOTC) as the primary policy, planning, regulating and implementing agency on transportation;

WHEREAS, to achieve the objective of a viable, efficient, and dependable transportation system, the transportation regulatory agencies under or attached to the DOTC have to harmonize their decisions and adopt a common philosophy and direction;

WHEREAS, the government proposes to build on the successful liberalization measures pursued over the last five years and bring the transport sector nearer to a balanced longer term regulatory framework;

NOW THEREFORE, pursuant to the powers granted by laws to the DOTC, the following policies and principles in the economic regulation of land, air, and water transportation services are hereby adopted:

1. **Entry into and exit out of the industry.** Following the Constitutional dictum against monopoly, no franchise holder shall be permitted to maintain a monopoly on any route. A minimum of two franchise holders shall be permitted to operate on any route.

The requirements to grant a certificate to operate, or certificate of public convenience, shall be: proof of Filipino citizenship, financial capability, public need, and sufficient insurance cover to protect the riding public.

In determining public need, the presumption of need for a service shall be deemed in favor of the applicant. The burden of proving that there is no need for a proposed service shall be with the oppositor(s).

In the interest of providing efficient public transport services, the use of the "prior operator" and the "priority of filing" rules shall be discontinued. The route measured capacity test or other similar tests of demand for vehicle/vessel fleet on any route shall be used only as a guide in weighing the merits of each franchise application and not as a limit to the services offered.

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- (d) Develop an integrated plan for a nationwide transmission system in accordance with national and international telecommunications service requirements including, among others, radio and television broadcast relaying, leased channel services and data transmission;
- (e) Guide government and private investments in the establishment, operation and maintenance of an international switching system for incoming and outgoing telecommunications services;
- (f) Encourage the development of a domestic telecommunications industry in coordination with the concerned entities particularly, the manufacture of communications electronics equipment and components to complement and support, as much as possible, the expansion, development, operation and maintenance of the nationwide telecommunications network;
- (g) Provide for a safe, reliable and efficient postal system for the country.

SEC. 5. *Powers and Functions.*—To accomplish its mandate, the Ministry shall have the following powers and functions:

- (a) ~~Formulate and recommend national policies and guidelines for the operation and implementation of integrated and comprehensive transportation and communications systems at the national, regional and local levels;~~
- (b) Establish and administer comprehensive and integrated programs for transportation and communications, and for this purpose, may call on any agency, corporation, or organization, whether public or private, whose development programs include transportation and communications as an integral part thereof, to participate and assist in the preparation and implementation of such programs;
- (c) Assess, review and provide direction to transportation and communica-

tions research and development programs of the government in coordination with other institutions concerned;

- (d) Administer all laws, rules and regulations in the field of transportation and communications;
- (e) Coordinate with the Ministry of Public Works and Highways in the design, development, rehabilitation, improvement, construction, maintenance and repair of telecommunications, ports, airports and railways projects and facilities including navigational aids and implement its development works through competitive bidding, negotiated contracts or other methods as the President may authorize;
- (f) Establish, operate and maintain a nationwide postal system that shall include mail processing, delivery services, and money order services and promote the art of philately;
- (g) Sub-allocate series of frequencies of bands allocated by the International Telecommunications Union to the specific services;
- (h) Accredite foreign aircraft manufacturer and/or international organizations for aircraft certification in accordance with procedures and standards established by the Bureau of Air Transportation;
- (i) Deputize the Philippine Airlines and/or the Airline Pilots Association of the Philippines for licensing of pilots in accordance with rules, procedures and standards established by the Bureau of Air Transportation;
- (j) Perform such other powers and functions as may be prescribed by law.

SEC. 6. *Authority and Responsibility.*—The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Transportation and Communications,

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h. To review motu proprio the decisions/actions of the Regional Franchising and Regulatory Office herein created;

i. To promulgate rules and regulations governing proceedings before the Board and the Regional Franchising and Regulatory Office: Provided, That except with respect to paragraphs d, e, f and g hereof, the rules of procedure and evidence prevailing in the courts of law should not be controlling and it is the spirit and intention of said rules that the Board and the Regional Franchising and Regulatory Offices shall use every and all reasonable means to ascertain facts in its case speedily and objectively and without regard to technicalities of law and procedures, all in the interest of due process;

j. To fix, impose and collect, and periodically review and adjust, reasonable fees and other related charges for services rendered;

k. To formulate, promulgate, admister, implement and enforce rules and regulations on land transportation public utilities, standards of measurements and/or design, and rules and regulations requiring operators of any public land transportation service to equip, install and provide in their uti and in their stations such devices, equipment, and operating procedures and techniques as may be necessary for safety, protection, comfort and convenience to persons and property in their charges as well as the safety of persons and property within their areas of operations;

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l. To coordinate and cooperate with other government agencies and entities concerned with any aspect involving public land transportation services with the end in view of effecting continuing improvement of such services; and

m. To perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to the purposes and objectives of this Executive Order.

SECTION 6. Decision of the Board; Appeals therefrom and/or Review thereof. The Board, in the exercise of its powers and functions, shall sit and render its decisions en banc. Every such decision, order, or resolution of the Board must bear the concurrence and signature of at least two (2) members thereof.

The decision, order or resolution of the Board shall be appealable to the Secretary within thirty (30) days from receipt of the decision: Provided, That the Secretary

may motu proprio review the decision or action of the Board before the same becomes final.

SECTION 7. Creation of Regional Franchising and Regulatory Offices. There shall be a Regional Franchising and Regulatory Office in each of the administrative regions of the country which shall be headed by a Board Regional Manager having the rank, salary and privileges of a Department Assistant Regional Director. The Regional Franchising and Regulatory Offices shall hear and decide uncontested applications/petitions for routes, within their respective administrative regions: Provided, That applications/petitions for routes extending beyond their respective territorial jurisdictions shall be heard and decided by the Board.

Section 8. Appeals. The decisions, orders or resolutions of the Regional Franchising and Regulatory Offices shall be appealable to the Board within thirty (30) days from receipt of the decision.

Section 9. Appropriations. Funds needed to carry out the provisions of this Executive Order shall be taken from the funds available in the Department of Transportation and Communications. Thereafter, the approved budget of the Board shall be included in the General Appropriations Act.

Section 10. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 19th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

Arroyo P. Arroyo

By the President:

Arroyo P. Arroyo
ROKER P. ARROYO
Executive Secretary