



LAND TRANSPORTATION OFFICE (LTO)
LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD (LTFRB)

JOINT MEMORANDUM CIRCULAR NO. 001, Series of 2021

Date: February 25, 2021

SUBJECT: IMPLEMENTING GUIDELINES TO GOVERN THE ACCREDITATION OF SCRAPPAGE FACILITIES AND MANNER OF SCRAPPING OF PUBLIC UTILITY VEHICLES

Pursuant to Department Order No. 2020-021 otherwise known as the “Guidelines for Scrapping of Old Public Utility Vehicle (PUVs) Units under Department Order No. 2017-011 Otherwise Known as the Omnibus Franchising Guidelines”, the following shall govern the implementation of said Order.

SECTION 1. AUTHORIZATION OF SCRAPPING FACILITIES

Interested scrapping facilities must comply with the requirements set forth by the Department of Transportation under Department Order No. 2020-021, to wit:

I. *SCRAPPAGE FACILITY REQUIREMENTS*

A. Facility Location and Capacity

Pending the availability of a published national standard for a large-scale vehicle scrapping facility, the Interim Scrapping Facility should have an adequate gated area to handle and dismantle old PUV units.

An interim scrapping facility is recommended to have the following components available to function as intended.

1. Dismantling Area

The dismantling area for the interim facility should include the manual and/or automated dismantling area and the sorting area of the dismantled parts.

To determine the space requirements for the dismantling area, the following information (see Table below) on the pre-identified dismantling process equipment, but not limited to those listed, shall be used as reference. The choice and number of equipment to be utilized will depend on the desired capacity and the size of the land to be used for the interim facility.

Units in meters

Dismantling Process Elements	Space Requirements (square meter)	Indicative Dimensions (L x W x H) meter
Hydraulic Lift (at least 3 tons loading capacity)	7.3	3.6 x 2.03
Shredding Machine	22.33	5.8 x 3.85
Vehicle Pressing (Compressing) Machine	18.58	7.43 x 2.5 x 2.7

Excavator with grapple	26.54	9.48 x 2.8 (8.68 - maximum working height)
Excavator with Magnet	26.54	(8.68 - maximum working height)
Forklift	3.30	2.68 x 1.23 x 2.12
Container (optional: with wheels) (at least 1000 liters capacity)	1.44	1.36 x 1.06 x 1.37
Jeepney	14	7 x 2 x 2.10
Work space per person	5.09	2.26 x 2.26

It is recommended, however, that the dismantling area has the capacity to dismantle at least five (5) old PUV units simultaneously, corresponding to five (5) bays (1 unit per bay).

A sorting area to accommodate all the dismantled parts shall also be included with a recommended space requirement of at least 50 square meters.

2. Storage Area for Recyclable Products

The storage will contain the recyclable or reusable end products of the dismantling process, including the pressed or cubed PUV bodies and their dismantled and shredded parts.

The recommended space requirement for the Storage Area is at least 150 square meters.

3. Temporary Storage Area for Hazardous Waste

The temporary storage area for handling and storing hazardous wastes derived from dismantling the old PUV units shall be located away from the Dismantling Area and shall strictly comply with the DENR Administrative Order No. 2013-022 or the Revised Procedures and Standards for the Management of Hazardous Wastes.

The recommended space requirement for the temporary storage area for hazardous waste is at least 100 square meters.

4. Office Area

The recommended space requirement for the office is at least 30 square meters which can accommodate up to six (6) office personnel.

Based on the Occupational Safety and Health Standards, a workspace shall have a space requirement of 5.09 square meters per person.

5. Parking Area

The parking area for the old PUV units waiting to be dismantled in the interim scrapping facility is recommended to hold at least 10 units, corresponding to a space requirement of at least 200 square meters. Alternatively, it can also be located separately from the interim facility if the land area being considered cannot accommodate the parking area for the old units.

B. Documentary Requirements

1. Letter of Intent with list of partner Treatment, Storage and Disposal (TSD) Facilities
2. DENR Registration with DENR Id and Environmental Compliance Certificate (ECC) duly issued by the Regional Offices of Environmental Management Bureau (EMB)
3. Permit to Transport Waste issued by DENR to the Scrappage Facility and TSD
4. Memorandum of Agreement between Scrappage Facility and TSD
5. DTI Registration
6. Fire Safety Inspection Certificate (FSIC) issued by LGU where the facility is located
7. LGU Zoning Clearance

II. PROCEDURE IN THE APPLICATION FOR ACCREDITATION

- A. Any Filipino citizen of legal age, a domestic corporation or association or a corporation organized under Philippine laws and duly registered by DENR and DTI as scrappage facility may apply for Accreditation.
- B. The applicant shall file the Letter of Intent (LOI) together with the documentary requirements in four (4) sets with the Office of the Regional Director of LTFRB being the head of the Regional Secretariat Offices, Thereafter, Regional Secretariat shall evaluate the submitted the documents.
- C. After the evaluation, and upon finding that the documentary requirements are complete the Regional Secretariat shall inspect the facility if it is compliant with the specifications provided above. Incomplete or non-compliant documents shall be returned to the applicant.
- D. The Authorization Committee shall approve the application of the scrappage facility and issue Certificate of Authorization.

Processing of the application shall be completed within a period of thirty (30) working days from submission of **complete** requirements.

- ~~E.~~—In special cases where there is no qualified applicant in a certain region or if existing authorized interim facilities are not sufficient, the Regional Secretariat may recommend accreditation of scrappage facilities smaller than the recommended specifications.

III. OPERATION OF THE INTERIM SCRAPPAGE FACILITY

A Provisional Authority (PA) shall be issued to an applicant, scrappage facility upon determination by the Authorization Committee that the former has submitted the complete requirements, stated in Section 2 hereof.

IV. VALIDITY OF THE PROVISIONAL AUTHORITY

The accredited Scrappage Facility shall operate during an interim period of two (2) years from issuance of the Provisional Authority or until a large-scale scrappage facility is made available by the government.

SECTION 2. DROPPING, CANCELLATION, AND BLACKLISTING OF UNIT PRIOR TO SCRAPPING

- a. Prior to scrappage of old PUVs, it is required that the old unit must be officially dropped from public service.
- b. The operator or Cooperative/Corporation must, therefore, file a Petition for Dropping of Unit and surrender the “for hire” plates with the LTFRB Central Office or any of its concerned RFROs, whichever is applicable.

- c. For individual operator who failed to consolidate and caused the dropping of his/her unit, the Board or any of its concerned Regional Offices shall in like manner cancel the said unit apart from dropping;
- d. Upon approval of the petition, the operator or corporation/cooperative shall furnish the LTO representative of the Regional Secretariat a copy of the Order of Dropping together with the Letter of Intent which includes the list of units for the immediate scrapping. The said list for immediate scrapping shall include the chassis and engine numbers of the vehicles and the name of the chosen interim scrapping facility as furnished by the LTFRB.
- e. Aside from the Order of Dropping and Letter of Intent, the Cooperative/Corporation must surrender all the Original Certificate of Registration of the dropped units to the LTO representative of the Regional Secretariat.
- f. In the event that the operator refuses to scrap the old PUV unit and instead opted to reclassify and use the said unit as a private vehicle, the same should be subjected to roadworthiness tests through the accredited Motor Vehicle Inspection Centers. If the selected units fail the roadworthiness test, the operator or Cooperative/Corporation shall, likewise, file the necessary Letter of Intent to the Regional Secretariat attaching the list of chassis and engine numbers of subject units to be scrapped and the name of the chosen interim scrapping facility as furnished by the LTFRB. Upon receipt of the said documents and after verification of the result of the inspection, the LTO Regional Secretariat member shall blacklist the chassis, engine number of the scrapped units in the LTO database.

SECTION 3: SCRAPPING PROCESS

- a. The scrapping facility shall cause the scrapping/dismantling of the old units within six (6) months upon submission by the operator or Cooperative/Corporation of the Letter of Intent duly stamped received and acknowledged by the Regional Secretariat.
- b. A Scrapping Certificate shall be issued to the operator or Cooperative/Corporation by the scrapping facility upon completion of the scrapping process of the old unit. The latter shall submit a copy of the Scrapping Certificate with proof of scrapping to the Regional Secretariat of the Authorization Committee.

SECTION 4. DATABASE OF SCRAPPED/DISMANTLED AND BLACKLISTED UNITS

The LTFRB and LTO shall jointly establish and maintain a database of scrapped/dismantled and blacklisted PUVs containing reports of engine and chassis numbers disposed, number of units scrapped as well as the cooperative/corporation's name and the name of scrapping facility for monitoring purposes.

The Regional Secretariat shall likewise maintain and regularly update the same database and shall submit a monthly report/inventory to the TWG and the Authorization Committee.

SECTION 5: TRANSITORY PROVISION

The operator or cooperative/corporation of the scrapped units shall be paid of the appraised value of the scrapped unit by the accredited scrapping facility. Proceeds from the scrapped unit/s can be used as additional source to partly finance new PUV units of the cooperative/corporation aside from the fixed subsidy granted by the government.

The LTO representative to the Regional Secretariat shall subsequently provide Certification of blacklisting and scrapping to identified government agency and/or financing institutions that would facilitate the grant/payment of equity subsidy to cooperative/corporation.

SECTION 6: REPEALING CLAUSE

All existing issuances inconsistent herewith are hereby repealed or modified accordingly.

SECTION 7: EFFECTIVITY

This Joint Memorandum Circular shall take effect fifteen (15) days following its completion of its publication in the Official Gazette and/or newspaper of general circulation and/or the filing of three (3) copies with the UP Law Center pursuant to Memorandum Circular No. 11 dated 09 October 1992 of the Office of the President.


ATTY. MARTIN B. DELGRA III
Chairman, LTFRB  


EDGAR C. GALVANTE
Assistant Secretary, LTO