



Republic of the Philippines

DEPARTMENT OF TRANSPORTATION

DEPARTMENT ORDER NO. 2018 - 012

Subject : **AUTHORITY OF THE LAND TRANSPORTATION FRANCHISING BOARD (LTFB) TO REGULATE THE TRANSPORT NETWORK COMPANIES (TNCs) AND TRANSPORTATION NETWORK VEHICLES SERVICE (TNVS)**

Date : JUNE 11, 2018

WHEREAS, there is a further need to regulate Transport Network Companies (TNCs) and their Transportation Network Vehicle Service (TNVS) to promote and develop a safe, reliable, and efficient land transportation services. The objective of this Order is to centralize the regulation of entities operating as TNCs and TNVS under the authority of the Land Transportation Franchise and Regulatory Board;

WHEREAS, a public utility is a business or service engaged in regularly supplying the public with some commodity or service of public consequence. Its principal determinative characteristic is that of service to, or readiness to serve, an indefinite public or portion of the public which has a legal right to demand and receive its services or commodities. On the other hand, common carriers are those engaged in the business of carrying or transporting passengers or goods or both for compensation, offering their services to the public;¹

WHEREAS, due to the established roles of TNCs and TNVS in providing transport services to the public, they should be treated as engaged in the operation of a public utility. TNCs and TNVS are considered as engaged in the business of carrying or transporting passengers for compensation and offering their services to the public. As such, the operation of TNCs and TNVS is imbued with public interest and must submit to the full regulation by the State;

WHEREAS, the Land Transportation Franchise and Regulatory Board is empowered by law to promulgate, administer, enforce, and monitor compliance of policies, laws, and regulations of public land transportation services;²

¹ JG Summit Holdings, Inc., v. Court of Appeals, et al., G.R. No. 124293, September 24, 2003.

² Executive Order No. 202, Creating the Land Transportation Franchise and Regulatory Board.

WHEREAS, the Land Transportation Franchise and Regulatory Board is likewise empowered to determine, prescribe and approve and periodically review and adjust, reasonable fares, rates and other related charges, relative to the operation of public land transportation services provided by motorized vehicles;³

WHEREAS, the Department of Transportation (DOTr) is the executive department of the government responsible for the primary policy, planning, programming, coordinating, implementing and administrative entity on the promotion, development and regulation of a dependable and coordinated network of transportation systems, as well as in the fast, safe, efficient and reliable transportation services;

NOW THEREFORE, I, ARTHUR P. TUGADE, Secretary of the Department of Transportation, by virtue of the powers vested in me by law, hereby order that the following rules and regulations be adopted:

Section 1. Transport Network Company (TNC). - Refers to a person or entity that provides pre-arranged transportation services for compensation using an internet-based technology application or digital platform technology to connect passengers with drivers using their personal vehicles.

Section 2. Transportation Network Vehicle Service (TNVS). - Refers to a TNC-accredited private vehicle owner, which is a common carrier, using the internet-based technology application or digital platform technology transporting passengers from one point to another, for compensation. The TNVS cannot operate as a common carrier outside of or independent from the use of the internet-based technology of the TNC or TNCs to which they are accredited.

Section 3. Scope of Application. - This Order shall apply to persons or entities that provides pre-arranged transportation services for compensation using an internet-based technology application or digital platform technology to connect passengers with drivers using their personal vehicles. Both the operator and the driver and/or owner shall be treated as a public transport provider, hence, they are considered as engaged in the operation of a public utility.

Section 4. Regulation and Supervision. - The TNCs and TNVS are subject to the full regulation and supervision by the Land Transportation Franchising and Regulatory Board (LTFRB), including but not limited to application and

³ E.O. 202, Section 5 (c).

approval/denial of franchise, setting of fares, routes, operating conditions, and imposition of fines, suspension and cancellation of franchise.

Section 5. Certificate of Public Convenience. - A Certificate of Public Convenience shall be granted by the LTFRB to the TNCs and to their accredited TNVS upon full compliance of jurisdictional requirements, publication, and hearing, as may be determined by the LTFRB.

Section 6. Fares. - The fare for the TNVS shall be determined by the LTFRB, after public hearing or in consultation with the TNCs and TNVS.

Section 7. Rules and Regulations. - The LTFRB is mandated to issue guidelines for the effective regulation of TNCs and TNVS in accordance with this Order.

Section 8. Liability. - The TNCs and the TNVS, as public transport providers, shall observe the diligence required of common carriers in accordance with the New Civil Code.

Section 9. Compliance. - The TNCs and the TNVS shall comply with all the pertinent laws, particularly the law governing common carriers, and all rules and regulations promulgated by the Department and the LTFRB.


Section 10. Sanctions. - Any violation or non-compliance by the TNCs and TNVS of the guidelines set by the LTFRB shall be a ground for the imposition of Fines, Suspension, and Cancellation of Accreditation, subject to notice and hearing.

Section 11. Separability Clause. - If any part or provision of this Department Order is held unconstitutional or invalid, other parts of provisions which are not affected shall continue to remain in full force and effect.

Section 12. Repealing Clause. - All other Department Orders, Circulars, Special Orders, Office Orders, and/or other issuances inconsistent herewith are hereby superseded or modified accordingly.

This Order shall take effect immediately.

Done at Clark in the City of Angeles on 11 June 2018.


ARTHUR P. TUGADE
Secretary *RRY*



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