



Republic of the Philippines
OFFICE OF THE PRESIDENT
COOPERATIVE DEVELOPMENT AUTHORITY

December 9, 1993

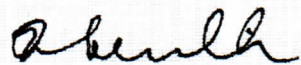
MEMORANDUM CIRCULAR
NO. 93-010
Series of 1993

T O : ALL CONCERNED
S U B J E C T : DOTC-CDA IMPLEMENTING
GUIDELINES ON THE ORGANIZATION
AND REGISTRATION OF PUBLIC
TRANSPORTATION AND
TELECOMMUNICATIONS SERVICE
COOPERATIVES

For the information and guidance of all concerned, the Department of Transportation and Communications (DOTC) and Cooperative Development Authority (CDA) approved on 07 October 1993 the herein attached DOTC-CDA Implementing Guidelines on the Organization and Registration of Public Transportation and Telecommunications Service Cooperatives.

These implementing guidelines, however, took effect last 08 December 1993, fifteen (15) days after the filing with the Office of the National Administrative Register (ONAR), Administrative Rules and Regulations, UP Law Center on November 23, 1993 pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.

Please be guided accordingly.


EDNA E. ABERILLA
Chairman

Encl.: a/s

**DOTC-CDA IMPLEMENTING GUIDELINES ON THE ORGANIZATION
AND REGISTRATION OF PUBLIC TRANSPORTATION
AND TELECOMMUNICATIONS SERVICE COOPERATIVES**

WHEREAS, it is the declared policy of the State to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people towards the attainment of economic development and social justice;

WHEREAS, in pursuance of this policy, the Cooperative Code of the Philippines under Republic Act No. 6938 mandates that the Government and all its branches, subdivisions, instrumentalities, and agencies shall ensure the provision of technical guidance, financial assistance and other services to enable cooperatives to develop into viable and responsive economic enterprises;

WHEREAS, the Cooperative Development Authority (CDA), being the central registering agency of all types of cooperatives, has been designated under Executive Order No. 95, series of 1993, to be the lead agency mandated to coordinate all activities of government agencies with cooperative programs and projects;

WHEREAS, a transport cooperative program was established and promoted by the government through the Office of Transportation Cooperatives (OTC), an agency attached to the Department of Transportation and Communications (DOTC);

WHEREAS, public service cooperatives, to include transportation and telecommunications services, are required under the Cooperative Code of the Philippines to secure, prior to their registration with the CDA, favorable endorsement from the appropriate government franchising agencies;

WHEREAS, the agencies authorized by law to issue franchises and certificates of public convenience and necessity to operate public transportation and telecommunications services are agencies attached to or sectoral offices under the Department of Transportation and Communications (DOTC), namely, the Land Transportation Franchising and Regulatory Board (LTFRB) for public land transportation services, the Maritime Industry Authority (MARINA) for water transport services, the Civil Aeronautics Board (CAB) for air transport services, and the National Telecommunications Commission (NTC) for telecommunications services;

WHEREAS, Art. 97 of R.A. No. 6938 likewise requires that for public service cooperatives to be registered, they must satisfy such other requirements as may be imposed by other pertinent government agencies concerned;

WHEREAS, Art. 98 of the same law authorizes the joint issuance by the concerned agencies of the necessary rules, regulations and guidelines to implement the provisions on public service cooperatives;

NOW, THEREFORE, the Cooperative Development Authority (CDA) and the Department of Transportation and Communications (DOTC) do hereby promulgate these Joint Implementing Guidelines on the Organization and Registration of Transportation and Telecommunications Service Cooperatives:

Section 1. Definition of Terms. - A public transport service cooperative shall refer to an organization registered with the Cooperative Development Authority, and accredited by the Office of Transportation Cooperatives (OTC), composed of a group of persons including drivers, pilots, airplane or ship crew, investors or owners of vehicles, aircraft or sea vessels, and all allied workers of the public

transport industry, whether land, air or water transport, who have agreed to pool their skills, savings, and other resources, including vehicles, aircrafts/airplanes or sea vessels/ships, to operate a business enterprise that will provide the members and the public the necessary facilities and service for the economic and efficient carriage of passengers and goods. Such groups shall open their membership to users or commuters under the arrangements consistent with the principles of cooperativism. The term **transport cooperatives** or **transportation cooperatives** as used herein shall mean public transport service cooperatives as hereinbefore defined.

Registration shall mean the formal acquisition of juridical personality by the cooperative concerned through the issuance of a certificate of registration by and under the official seal of the CDA.

Accreditation shall refer to the approval by the Board of Directors of the OTC of the organization of the transport cooperatives which should take place prior to registration with the CDA and after the requirements imposed by the DOTC/OTC shall have been satisfied. It may also refer to the approval by the OTC Board of the application for accreditation sought by a transport cooperative already registered with the CDA prior to the promulgation of these Joint Implementing Guidelines. Accreditation by DOTC/OTC shall entitle the transport service cooperatives to all the assistance, rights and privileges extended by the DOTC/OTC to all transport cooperatives falling under its jurisdiction pursuant to Executive Order No. 898. With respect to a telecommunications service cooperative, accreditation shall be made by the agency or the official to be designated by the DOTC Secretary.

A **telecommunications service cooperative** shall refer to an organization registered with the CDA, and accredited by the DOTC, composed of investors, carrier-operators, and users of facilities and services devoted to transmitting messages, data or information by means of electromagnetic transmission, with or without benefit of any closed transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching and delivery of such information) essential to transmission. **Telecom service cooperative** and **telecom cooperative** shall mean telecommunications service cooperative as hereinabove defined.

Endorsement shall refer to the favorable consideration extended by the appropriate franchising agency, such as the LTFRB, the MARINA, or the CAB, in the case of public land, water, or air transportation services, respectively, or by the NTC, in the case of telecommunications services, to the application for registration of a transport or telecommunications service cooperative after it is convinced that the organization of the cooperative is for a legitimate purpose and that its organizers satisfy the requirements of citizenship under the Constitution and other pertinent requirements under other applicable laws. It should not be construed as an automatic grant of franchise or certificate of public convenience and necessity which is a separate legal act that is extended only after compliance with the requirements of the Public Service Act.

Sec. 2. Organization of Transportation Service Cooperatives. - Any group of persons may organize a cooperative for the purpose of engaging in public land, water, or air transportation services, provided that the membership shall be composed of investors/operators, drivers, pilots, ship and airplane crews, allied workers, and in appropriate cases, the commuters or users of such services. For such interested parties to have easy access to information on the mechanics of organizing and operating transportation service cooperatives, the CDA and the DOTC, the latter either directly or through the OTC, the LTFRB, the LTO, the MARINA, the CAB, or the Air Transportation Office (ATO), in coordination with the existing transportation cooperatives and other cooperative sectors, shall extend every technical assistance necessary for these parties, if qualified, to be able to organize and have their cooperative properly registered. For this purpose, to augment the OTC's limited resources, the LTO, LTFRB, MARINA, CAB,

and ATO shall designate personnel in the regions that will be in charge of transportation service cooperative concerns and who will assist organizers in the preparation of applications for organization and the documents required for registration of such cooperatives.

Sec. 3. Organization of Telecommunications Service Cooperatives. - Any group of persons may organize a cooperative for the purpose of engaging in telecommunications operations and services for the general public or for its members, provided that substantial portion of the ownership and management of the facilities, to the extent that the DOTC may determine, shall be in the hands of or eventually transferred to the general membership. The period for such transfer shall likewise be determined by the DOTC. Technical assistance for the organization of telecommunications service cooperatives shall be extended by the OTC, DOTC, NTC, and the Telecommunications Office (TELOF).

Sec. 4. Where to File. - Applications for organization and registration of transport cooperatives may be filed with any unit of the CDA or with the OTC. The same may also be received in any district or regional office of the LTO and LTFRB, in the case of public land transportation cooperative; or MARINA, in the case of water transport cooperatives; or CAB and ATO, in the case of air transport cooperatives, including their respective central offices, whichever is convenient to the organizers. Preliminary determination of sufficiency of organizational and documentary submissions and compliance with the legal requirements may be made at the unit where the application is received. Where there are substantial requirements lacking, the receiving unit shall advise the applicant on what to do consistent with these guidelines and return the documents for further compliance. This process is not to be construed as part of the CDA evaluation process that shall make the prescription period contemplated in Art. 16 of Republic Act No. 6938 to start running.

When the receiving office/unit is satisfied that the basic requirements have more or less been complied with by the applicant, it shall forward the application to organize and other pertinent documents to the OTC for evaluation and for consideration by its Board of Directors consistent with the requirements of Art. 97, par. (3) and these guidelines. If an LTFRB or LTO regional office, or the MARINA, or the CAB is the receiving office, it may already include its favorable endorsement among the documents to be forwarded to the OTC. Transmittal may be done by the receiving unit or directly by the applicant if it so wishes.

Applications to organize and register a telecommunications service cooperative may be received in any TELOF or NTC office, regional or central, which shall make the preliminary determination of the sufficiency of the organizational and documentary submissions. Once favorably endorsed, the applications shall be transmitted to the DOTC/OTC for accreditation prior to transmittal to the CDA for the necessary registration certificate. The above-described procedures, whenever possible, may also be followed.

Sec. 5. Pre-registration Evaluation. - The OTC shall immediately evaluate the documents if receives directly from organizers of transport or telecommunications cooperatives or from the receiving regional/district unit. Upon being satisfied that the DOTC/OTC requirements have been complied with in accordance with these guidelines and any addendum hereto, or with such other circulars, memoranda, or orders that may hereafter be issued, the OTC Board of Directors shall approve the application and shall forthwith transmit the documents to the CDA unit concerned, together with the endorsement of the concerned franchising agency. In the absence of such endorsement, the documents shall first be referred to the concerned franchising agency for its favorable endorsement. The OTC shall immediately notify the applicant of the action taken on its application to enable the same to make follow-ups, if it so wishes, with the concerned agency.

Sec. 6. Jurisdiction. - Transport cooperatives proposing to operate transport services on routes that traverse more than one region shall file their duly accomplished organizational documents for registration with the Central Office of the CDA, which shall have jurisdiction over the said cooperatives on registration and other cooperative matters specified in R.A. No. 6938. If their area of operation is confined within one region, such documents will be filed with the nearest CDA office in the region, and the regional unit concerned shall have original jurisdiction over them. The same bases for determining jurisdiction shall apply to telecommunications service cooperatives.

The receipt by the CDA of the application together with the necessary endorsements shall make the prescriptive period provided under Art. 16 of R.A. No. 6938 start to run unless the CDA has other reasons to suspend the running of the period.

Sec. 7. Registration. - Only applications for registration duly endorsed by the local government unit, the LTRFB, MARINA, CAB or NTC, as the case may be, and accredited by the DOTC/OTC shall be acted upon by the CDA. Full compliance with the requirements of Art. 14 (4) of the Cooperative Code of the Philippines must be satisfied to entitle the applicant transport or telecom cooperative to registration.

Sec. 8. Cooperative Education and Transport/Telecommunications Operation Seminar. - The CDA and the DOTC, the latter through the OTC, LTO, LTRFB, MARINA, CAB, ATO, TELOF or NTC shall support the newly registered cooperative technically by extending seminars to enhance its operation both as a cooperative and as a public transport or telecom service operator. The OTC, in particular, shall invite all agencies or institutions concerned, including the Philippine National Police Traffic Management Command, the Social Security System, the Philippine Coast Guard, and the Katipunan ng mga Kooperatibang Pansasakyan ng Pilipinas (the national federation of transport cooperatives) for their assistance in the conduct of the Cooperative Education and Transport Operation Seminar.

Continuing cooperative education shall be promoted both by the CDA and the OTC. Active involvement of the transport cooperative trainers from the national and regional federations of transport cooperatives and other accredited non-government organizations shall also be enjoined to participate in such educational activities pursuant to the principle of subsidiarity. The OTC and the CDA shall likewise establish programs and set up projects to enable duly organized transport and telecommunications cooperatives to have access to other information and resources that will ensure the viability of the cooperatives' operations and their businesses.

Sec. 9. Liaison Committee. - There is hereby created a five-member Liaison Committee to be composed of two (2) representatives from the DOTC/OTC, another two (2) from the CDA, and a fifth member to be designated by each of the national federations existing or yet to be formed among the cooperatives belonging to the different service sectors in transportation and telecommunications. This fifth member will sit in the committee only when there are concerns of his federation or its member-cooperatives on the agenda. The committee shall convene upon the instance of either the DOTC/OTC, the CDA, or the concerned federation. It shall have a chairman or presiding officer and a secretary who will both be elected by and from among themselves. The chairmanship may be rotated as the committee may desire.

The committee shall oversee the implementation of these joint guidelines, and may recommend changes from time to time. However, no changes shall be effective unless agreed upon by the parties hereto and promulgated through joint circulars. It shall keep record of pertinent memoranda, orders, circulars and other issuances of the CDA, DOTC, OTC, LTO, LTRFB, CAB, ATO, MARINA, TELOF, and NTC. These agencies shall hereafter regularly furnish the committee copies of said issuances for its guidance.

The committee may also assist the CDA and DOTC/OTC in resolving other issues affecting the operation of transportation and telecommunications cooperatives.

Sec. 10. *Transitory Provisions.* - All transportation cooperatives which have been directly registered with the CDA prior to the issuance of these guidelines may apply for accreditation with the DOTC/OTC to enable them to be eligible for the technical assistance extended by the DOTC/OTC and to qualify as beneficiaries under the financial and developmental projects and programs organized and administered by the DOTC/OTC.

Likewise, multi-purpose cooperatives and other types of cooperatives intending to operate public transport services should apply for accreditation with the OTC and submit its requirements, including the amendment of its Articles of Cooperation, in order to qualify as public transport service cooperatives under the provisions of Chapter XII of R.A. No. 6938.

Sec. 11. *Effectivity and Separability Provisions.* - These implementing guidelines shall take effect fifteen (15) days from its filing with the U.P. Law Center pursuant to Presidential Memorandum Circular No. 11 dated 9 October 1992.

They shall remain in full force and effect unless amended or superseded. If any portion or provision of these guidelines is judicially declared as null and void, such nullity shall not extend to the other provisions thereof which are not specifically or expressly affected by the declaration of nullity.

No one party shall unilaterally rescind or revoke these guidelines without the consent of the other party.


APPROVED this 7th day of October 1993 in Metro Manila, Philippines.

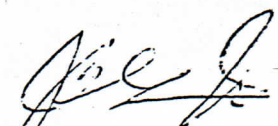
COOPERATIVE DEVELOPMENT
AUTHORITY

DEPARTMENT OF TRANSPORTATION
AND COMMUNICATIONS

By:

By:


EDNA E. ABERILLA
Chairperson


JESUS B. GARCIA, JR.
Secretary

ADDENDUM TO THE DOTC-CDA JOINT
IMPLEMENTING GUIDELINES

I. OTC REQUIREMENTS FOR ORGANIZATION OF TRANSPORT SERVICE COOPERATIVES

A. Organizational Requirements

Consistent with Art. 97, par. (3), R.A. No. 6938, and OTC Administrative Order No. 85-001, duly approved by the Department of Transportation and Communications, pursuant to Executive Order No. 898, series of 1983, the following shall be complied with by applicants intending to organize and register cooperatives that will engage in passenger and cargo services in addition to what is required under Arts. 6, 10, 11, and 14 of R.A. No. 6938:

1. Membership - Qualifications, Classification and Minimum Number Requirements

1.1. Membership in a transport service cooperative shall be open to operators/investors, drivers, allied workers (such as conductors, dispatchers, mechanics, and the like), and in appropriate cases, users or commuters. Investors/operators preferably shall not have more than five (5) units individually owned whose franchise and management shall be transferred/shared with the cooperative; Provided, That if any operator-member shall have acquired more than five (5) units during his membership, he shall cease to be a regular member and shall be deemed an associate or preferred member as defined in Art. 27 of R.A. No. 6938 and OTC Adm. Ord. No. 85-001.

1.2. For purposes of viability where the transport cooperative shall engage in allied services or businesses related to transport operations to be patronized by member-operators and drivers, a minimum of fifty (50) members shall be required upon organization, at least fifteen (15) of whom shall be licensed drivers whose representation in the board of directors, together with the allied workers shall not be less than thirty per cent (30%) of the total number of directors at any time; Provided, That in the case of shuttle and trucking services, a lesser number of driver-members shall be allowed, which shall correspond to two drivers/mechanics to every vehicle owned/operated.

1.3. Multi-purpose or agricultural cooperatives intending to engage in regular passenger and/or cargo services as a subsidiary activity must, after properly amending their articles of cooperation to legally provide for such services and to reflect in their names such additional services, comply with the foregoing requirements consistent with the provisions of Chapter XII of R.A. No. 6938.

2. Vehicles for Operation. - Transport service cooperatives are meant to provide passenger and/or cargo services to the public. Upon organization, a transport service cooperative must therefore comply with the following vehicle requirements based on ownership, type of service and mode of vehicles to be operated.

2.1. Regular Passenger Conveyance - A transport cooperative intending to operate jeepney, taxi or tricycle service for regular passenger conveyance must have at least twenty-five (25) units ready for operation, if individually owned by operators/investors coming in as members, which shall be covered with a management agreement whereby the franchise of the units shall be jointly held by the cooperative and the individual/beneficial owners thereof; Provided, That a lesser number of units shall be allowed, upon the discretion of the OTC Board of Directors, if the intended areas of operation are too remote and the volume of passengers therein or the public service demand will require a lesser number of units as certified by the LTRFB or DOTC office concerned; Provided further, That in the case of taxi service, if

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the units to be operated are to be acquired through importation, there is convincing proof that such proposed cooperative will be able to acquire the same within six (6) months from registration; and Provided finally, That in the latter case, there is a clear legal possibility that the importation shall be allowed by the government.

In any of the above cases, the OTC may allow the organization of the cooperative even if it has lesser number of units; Provided, That it is not less than five (5) units in the case of taxi and jeepney, and ten (10) in the case of tricycle; and Provided, That the units are titled and legally owned in the name solely of the cooperative and they are immediately available for operation.

If the proposed cooperative is to operate bus services, the minimum number of units shall be ten (10) whether individually owned by operator-members or titled and owned in the name of the cooperative.

2.2. For Truck of Hauling Services - A minimum of one (1) unit only shall be required if the proposed cooperative owns it in its name and shall operate the truck for hauling services, and five (5) units if individually owned by operator-members.

2.3. For Shuttle Service of Owners/Users - A minimum of two (2) jeepneys, vans, or minibuses owned and operated cooperatively by all the members shall be required of a cooperative proposing to operate shuttle type of services for the members' primary use and only one (1) if it owns and will operate a regular sized bus for shuttle service.

2.4. For Dual Jeepney Service (Passenger and Cargo) - A minimum of five (5) jeepneys cooperatively owned shall be required of a proposed transport cooperative organized to operate dual franchise or dual service.

3. Initial Paid-up Capital - Notwithstanding the provisions of Art. 14 of R.A. No. 6938, to insure that the cooperative can immediately engage in the services it proposes to undertake, the applicant transport cooperative must comply with the following initial total paid-up requirements on its share capital contributions from members, without prejudice to other requirements that the LTRFB may later impose:

3.1. For a cooperative that will operate jeep, taxi, bus or trucking services - P25,000.00

3.2. For a cooperative that will engage in tricycle service - P10,000.00

B. Documentary Requirements

1. The proponent shall initially submit an application to organize together with a simple feasibility study that will contain the following information:

- a. Proposed name of the cooperative
- b. Proposed type of service
- c. Intended area of operation with route map and LTRFB certification that the route is open
- d. List of members with classification
- e. Number of units and xerox copies of OR/CR
- f. Capital structure
- g. Allied services/business proposed to be operated/undertaken

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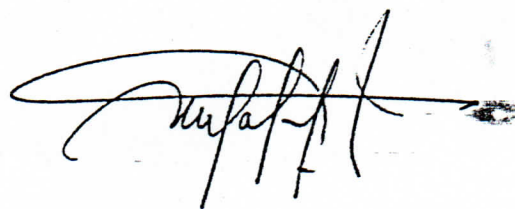
2. Requirements under R.A. No. 6938 - All documents duly accomplished as required under the Cooperative Code shall, as much as possible, be already included in the application to organize.

II. COOPERATIVE EDUCATION AND TRANSPORT OPERATIONS SEMINAR

Within a reasonable period after approval/accreditation by the OTC Board of the application of the proposed cooperative, the OTC shall coordinate with the concerned agencies and accredited trainor groups for the conduct of the Cooperative Education and Transport Operations Seminar for the members of the new cooperative.

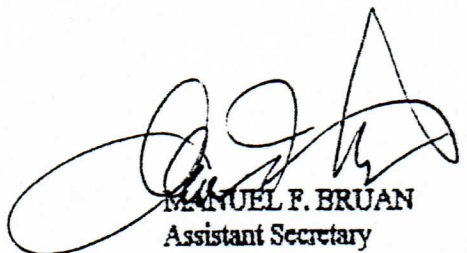
A. Syllabus - Such education and seminar shall have for its coverage the following topics:

TOPIC	NO. OF HRS.	RESOURCE PERSON
1. Overview of the TSC Program	.5	OTC/TC Trainor
2. Salient Provisions of R.A. Nos. 6938/6939	1.0	CDA/OTC/TC Trainor
3. Concepts and Principles of Cooperatives	1.0	CDA/OTC/TC Trainor
4. Essential Provisions of RA 4136	1.5	LTO/PNP TMC
5. Franchising Rules and Regulations	1.5	LTFRB
6. OTC Adm. Ord. No. 35-001	1.5	OTC
7. SSS Applicable Rules	1.0	SSS/Trainor

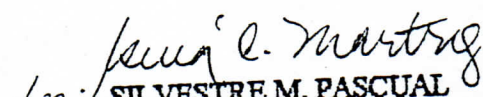




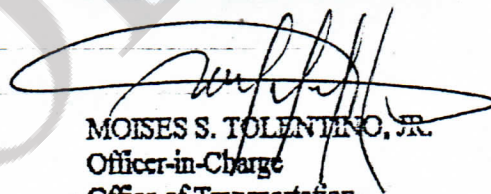
WITNESSES :

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Office of Transportation
Cooperatives

OBSOLETE

