

# LICENSING AND PERMIT REFORM

## Logistics Industry

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**STEP 1:**

# **PROCESS STREAMLINING LTFRB**



## Inventory of Permits – Logistics Sector

	Malaysia	Thailand	Philippines
Carrier License	Land Public Transport Commission	Department of Land Transport	Land Transport and Franchising Board
Vehicle Registration	Road Transport Department Malaysia	Department of Land Transport	Land Transportation Office
Freight Forwarder Registration	Malaysian Investment Development Authority	Marine Department	Department of Trade and Industry
Port Clearance	Port Operator	Port Authority	Philippine Port Authority
Service Tax License	Internal Revenue	Revenue Department	Bureau of Internal Revenue
Customs	Royal Malaysian Customs Department	Thai Customs	Bureau of Customs
Local Passage			Local Government Units, Economic Zone Authorities

# Inventory of Permits – Logistics Sector


Agency	Permit	Est. Processing Time	Fees
Civil Aeronautics Board	Airfreight Forwarder Accreditation	2 weeks to 1 month	PHP 24,724
Bureau of Customs	Client Profile Registry	1 week to 1 month	PHP 1,500
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Land Transportation and Franchising Board	Certificate of Public Convenience (per vehicle)	Eight months	PHP 15,000 per unit (tractor head)
Local Government Unit	Road User Stickers	One week	PHP 150 – 3,000 depending on local government
Philippine Ports Authority	Permit to Operate Cargo Forwarding	One to seven working days	PHP 4,356.80
Philippine Economic Zone Authority	Authority to Provide Air and Sea Freight Forwarding	Two weeks to one month	PHP 6,000
	Annual PEZA vehicle sticker	Two weeks	PHP 750 per unit
Other Economic Zones	Annual vehicle sticker		

# Analysis of LTFRB Process

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- Based on DTI-Supply Chain and Logistics Management Division and World Bank Group request from May 2019 to support LTFRB streamlining
- LTFRB provided data from January to July 2019
- Numerous visits and process interviews were conducted on site in LTFRB QC
- First draft report produced

# LTFRB CPC Applications January to July 2019


	Public Utility with Routes/Caps	Vehicles for Hire with no Routes/Caps			TNVS	Total
	Buses, PUV, UVE, P2P and Taxis	Tourist Vans	Trucks for Hire	School/ Shuttle Service		
New CPC Applications	11	66	3,352	23	11,008	14,460
Extension of Validity	2,797	37	881	27	246	3,998
Other Applications Requiring Hearings	477	7	10	1	0	495
Petitions without Hearings	1,981	97	668	13	3	2,770
<b>Total</b>	<b>5,266</b>	<b>207</b>	<b>4,911</b>	<b>64</b>	<b>11,262</b>	<b>21,713</b>

# Difficulties with Volume of Applications

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- Out of 14,460 applications for a new CPC from January 2019 to July 2019, only 10,852 were adjudicated in the same period
  - This generated a backlog of 3,608 applicants
- Out of the 3,998 applications for extension of validity, only 1,278 were completed
  - Calculations indicate that the agency receives around 2,300 new CPC applications per month, but is only able to adjudicate 920 for each
- Application of CPC process for PUVs and PUJs with routes are imposed on the other vehicles with no routes
  - Need for public hearing?
- Many of the applicants are for the extension of permit validity

# LTFRB CPC Applications January to July 2019

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# Reduction of Steps

Activity	Time required (Hours)	Cost (PHP)	Waiting (Days)	Activity	Time required (Hours)	Cost (PHP)	Waiting (Days)
Complete application form	1.5	455	1	Create Sketch Map and Dimensions of Garage	1.0	304	0
Gather Income Tax Return	2.0	607	0	Photocopy Hauling Contract (needs to be 1 year valid)	8.0	14,133	0
Photocopy BIR Certificate of Registration	1.0	304	0	Notarize Documents (Application Form, Hauling Contract, Certificate of Non-Forum Shopping)	2.0	2,359	1
Gather Audited Financial Statements	1.5	455	0	File Documents	4.0	2,700	1
Bank Certificate	4.0	1,614	20	Receive Notice of Hearing	2.0	1,007	15
Certificate of Non-Forum Shopping	1.0	2,008	0	Receive Provisional Authority	2.0	607	2
Gathering of OR and CR of Trucks	2.0	607	0	LTFRB Inspection	4.0	1,614	30
Photocopying Articles of Incorporation/SEC/DTI Business Name	1.0	304	0	Apply for a Proof of Publication	4.0	4,640	0
Fill out Operator Data Sheet (with Driver's License)	1.5	455	0	Apply for an LGU Zoning Clearance	5.0	6,518	7
DOTr Authorization Letter	8.0	2,429	5	Attend Hearing	8.0	6,238	30
Create Stencil of Truck Units	1.5	455	0	Issue the CPC	2.0	607	60
Gather Certificate of Title (Proof of Garage)	8.0	14,133	5	Pickup the CPC	4.0	1,614	2

**TOTAL**

**PHP 139,482**

# Reduction of Documentation

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LTFRB focus on three items: Identify owner, financial capability and economic viability of the route

- Owner: SEC Registration and BIR certification
- Financial capability: Income tax return, audited financial statements
- Economic viability of routes: vehicle –when there are no caps or routes

Following documents are very costly to obtain:

- Bank certificate of conformity
- Proof of garage
- Hauling contract
- LGU zoning clearance

Manila traffic is outside the scope of LTFRB mandate / private vehicles are not required similar requirements

Consider for elimination: notarization, DOTr authorization, non-forum shopping, due to LTFRB enforcement powers

# Reduced Documentation for LTFRB / CPC

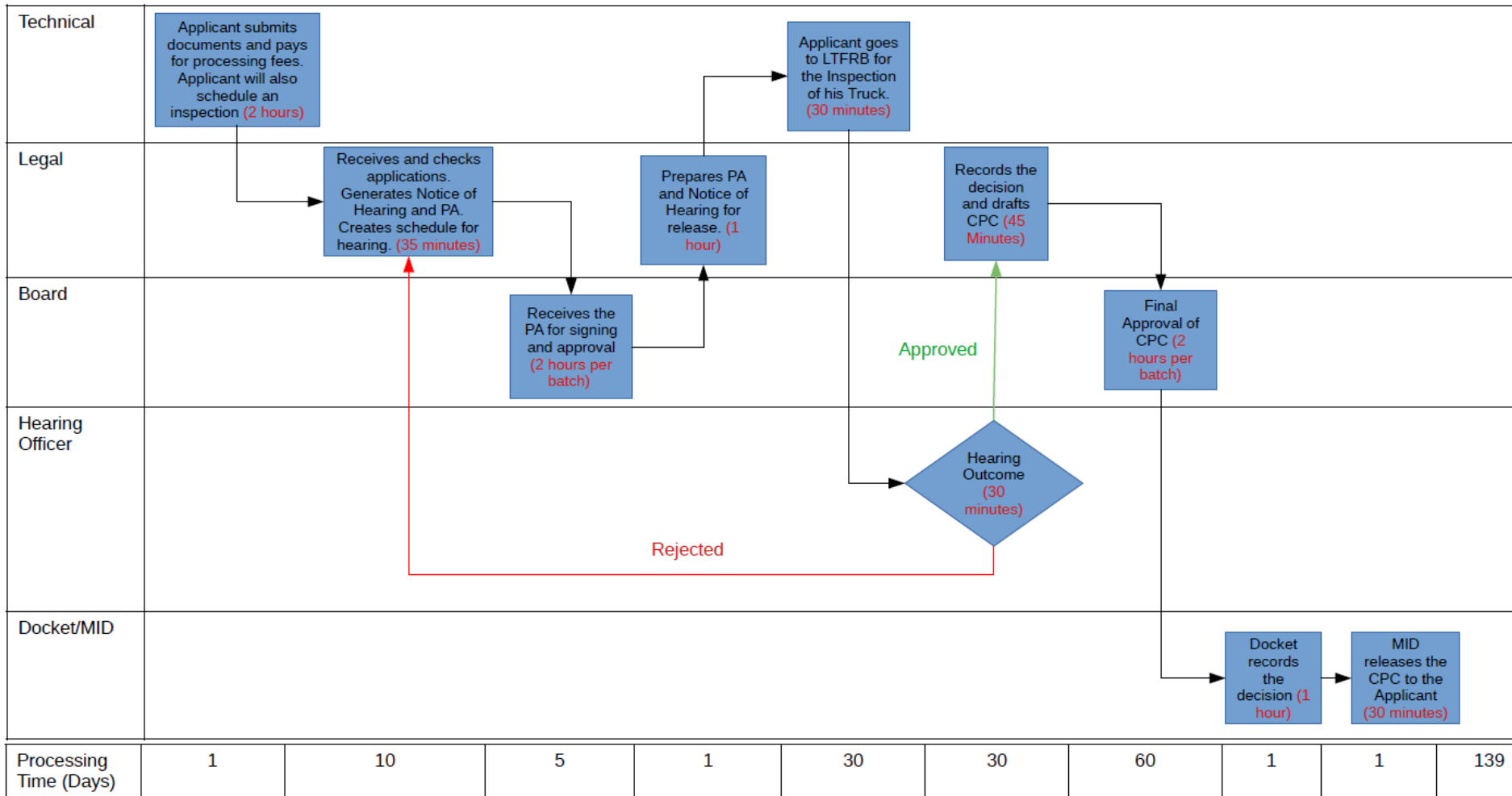
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Gather Income Tax Return	2.0	607	0				
Photocopy BIR Certificate of Registration	1.0	304	0				
Gather Audited Financial Statements	1.5	455	0	File Documents	4.0	2,700	1
				Receive Notice of Hearing (via text)	2.0	1,007	15
				Receive Provisional Authority (via mail)	2.0	607	2
Gathering of OR and CR of Trucks	2.0	607	0	LTFRB Inspection	4.0	1,614	30
Photocopying Articles of Incorporation/SEC/DTI Business Name	1.0	304	0				
				Attend Hearing	8.0	6,238	30
Create Stencil of Truck Units	1.5	455	0	Issue the CPC	2.0	607	60
			5	Pickup the CPC	4.0	1,614	2

**New Costing**

**PHP 24,681**

# Streamlined Procedures – LTFRB CPC

## Application for New CPC



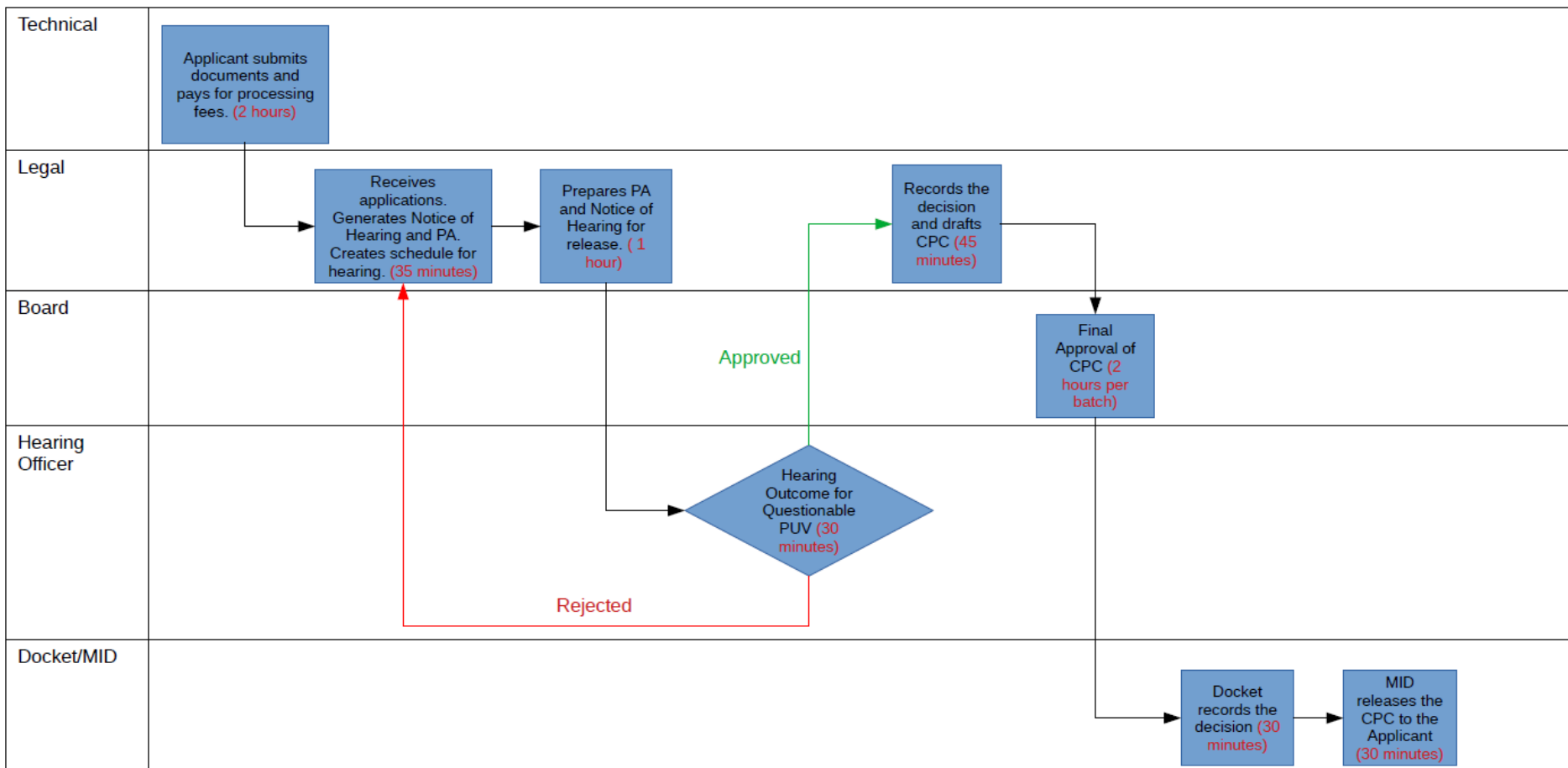
# Reduction of Internal Procedures

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- Pre-assessment in the technical department upon submission
- Automatic issuance of PA upon completeness
- Inspections conducted post-CPC issuance
- Public hearings only for public utility vehicles with routes or caps
- Board issuance of CPCs only for PUVs
- Stronger enforcement post-CPC

# Streamlined Procedures – LTFRB CPC

## Proposed Changes to CPC Application



Processing Time (Days)	1	1	1	9	1	5	1	1	20
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# Summary of Recommendations

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- Limiting the Number of CPC Applications
  - Streamlined approval for vehicles for hire with no routes/caps
  - Utilize a notification system rather than a registration system for franchises
- Separate regulatory sandbox for TNVS
- Reduce Number of Documents Required
  - Focus on identifying the owner, vehicle and financial capability
- Revert mandate on Manila traffic to LGU/MMDA
- Public hearings only for public utility vehicles with routes or caps
- Board issuance of CPCs only for PUVs
- Stronger enforcement post-CPC

**Step 2:**

# **Whole of Government Approach Information Sharing**



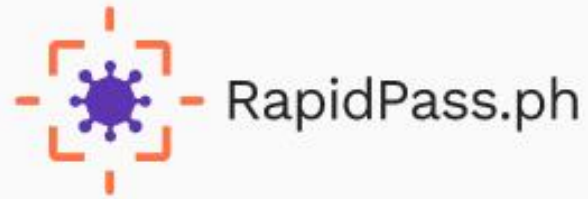
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# UNIFIED TRUCK PASS



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