



Republic of the Philippines  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**  
DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, West Triangle, Quezon City  
<http://www.dilg.gov.ph>



**MONITORING OF LGU-BASED TRANSPORT COOPERATIVES  
CHARGING EXORBITANT MEMBERSHIP FEES**  
**DILG Memorandum Circular No. 2019-50**  
April 2, 2019

**1.0 Background**

- 1.1 The Department of Transportation-Land Transportation and Franchising Regulatory Board (DOTr-LTFRB) issued Memorandum Circular No. 2018-008 dated March 16, 2018, mandating all existing vehicle franchise holders to consolidate into a single juridical entity, on either a corporation or a cooperative, as one of the requirements under Public Utility Vehicle (PUV) Modernization Program,
- 1.2 Based on an Advisory on Unconscionable and Unreasonable Fees, issued on February 28, 2019 of DOTr-Office of Transportation Cooperatives (OTC), there are transport cooperatives or associations forming into cooperatives, that are collecting unreasonable and exorbitant membership fees, or depriving franchise holders' membership to the cooperative for non-payment thereof, and
- 1.3 The DOTr-OTC mandated to promulgate and implement rules and regulations that govern the promotion, organization, regulation, supervision, registration through accreditation and development of transportation cooperatives, issued Advisory dated February 28, 2019, entitled *Unconscionable and Unreasonable Fees*.

**2.0 Purpose**

This policy is issued to provide guidelines in monitoring transport cooperatives that are charging excessive and unreasonable membership fees from new members who want to consolidate, or deprive their membership for non-payments thereof.

**3.0 Scope and Coverage**

All Provincial Governors, City Mayors and Municipal Mayors, DILG Regional Directors, ARMM Regional Governor, and all others concerned

**4.0 Policy Content and Guidelines**

4.1 All Local Chief Executives shall:

- 4.1.1 Ensure that transport cooperatives operating within their LGUs shall timely act on applications of existing franchise holders for consolidation, in order to meet the deadline set for consolidation prescribed under DOTr-LTFRB Memorandum

Circular 2018-008 dated March 16, 2018, and remind them of Article (4)(1) of Republic Act No. 9520 (The Cooperative Code of 2008), which provides that:

*Article (4)(1) Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.*

4.1.2 Ensure that transport cooperative/s shall charge/collect reasonable new membership fees in accord with the objectives of Republic Act No. 9520.

4.2 The DILG Regional Offices shall monitor LGUs' compliance of this Memorandum Circular, and submit report to the Bureau of Local Government Supervision, through email address: [tsg\\_blg@yahoo.com](mailto:tsg_blg@yahoo.com), using the attached monitoring template.

4.3 All DILG Regional Directors and the ARMM Regional Governor are hereby directed to cause the immediate and widest dissemination of this Memorandum Circular to all local government units within their respective regions.

## 5.0 Penal Provisions

Non-compliance with this Memorandum Circular is tantamount to dereliction of duty and shall be dealt with in accordance with pertinent laws, rules and regulations.

## 6.0 References

- Republic Act No. 9520 (Philippine Cooperative Code of 2008)
- DOTr-Land Transportation and Franchising Regulatory Board Memorandum Circular No. 2018-008 dated March 16, 2018
- DOTr-Office of Transport Cooperatives Advisory, entitled Unconscionable and Unreasonable Fees dated February 28, 2019
- DILG-Cooperative Development Authority Joint Memorandum Circular No. 2019-01 dated January 21, 2019 (Cooperative Promotion, Organization, Regulation, and Development in Local Government Units)

## 7.0 Effectivity

This Memorandum Circular shall take effect immediately.

## 8.0 Approving Authority

  
EDUARDO M. AÑO  
Secretary



## 9.0 Feedback

For related queries, may be directed to the Bureau of Local Government Supervision-Technical Support Group-Office of the Director at Tel. No. 876-3454 local 4203, or email at [tsg\\_blg@yahoo.com](mailto:tsg_blg@yahoo.com).

DILG Region \_\_\_\_\_

**MONITORING OF LGU-BASED TRANSPORT COOPERATIVES  
CHARGING EXORBITANT MEMBERSHIP FEES**

as of \_\_\_\_\_

<b>Name of LGU/Transport Cooperative</b>	<b>Amount of Membership Fees Charged</b>	<b>Remarks</b> (Pls. indicate legal basis, i.e. <i>per existing cooperative by-laws, an/or other cooperative policy issuances</i> )
<p><b>Prepared by:</b></p> <p style="text-align: center;"><i>(Focal Person)</i></p> <p><b>Noted by:</b></p> <p style="text-align: center;"><i>(Regional Director)</i></p>		