



OCT 09 2008

DepED MEMORANDUM

No. 474 , s. 2008

DISSEMINATION OF ADMINISTRATIVE ORDER NO. 233  
(Reiterating the Prohibition on the Acquisition and Use of Luxury  
Vehicles and Directing Revisions of Guidelines on Government  
Motor Vehicles Acquisition)

To: Bureau Directors  
Regional Directors  
Schools Division/City Superintendents  
Heads, Public and Private Elementary and Secondary Schools

1. For the information and guidance of all concerned, enclosed is a copy of Administrative Order No. 233 dated August 1, 2008 entitled "**Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Government Motor Vehicles Acquisition**", which is self explanatory.
2. Immediate and wide dissemination of this Memorandum is desired.

  
**FRANKLIN C. SUNGA**  
Undersecretary

Encl.: As stated  
Reference: None  
Allotment: 1—(D.O. 50-97)  
To be indicated in the Perpetual Index  
under the following subjects:

BUREAUS & OFFICES  
POLICY  
LEGISLATIONS

Sally: Administrative Order No. 233  
September 30, 2008

**Office of the President  
of the Philippines  
Malacañang**

**BY THE PRESIDENT OF THE PHILIPPINES**

**ADMINISTRATIVE ORDER (AO) NO. 233**

**REITERATING THE PROHIBITION ON THE ACQUISITION AND USE OF LUXURY VEHICLES AND DIRECTING REVISIONS OF GUIDELINES ON GOVERNMENT MOTOR VEHICLES ACQUISITION**

**WHEREAS**, the current Administration is steadfast in its goal to utilize government resources judiciously;

**WHEREAS**, the Government must set the highest standard of parsimony and efficiency in public spending;

**WHEREAS**, the Philippines is a major user of imported oil with the transport and automotive industries accounting for about sixty percent (60%) of the country's total petroleum consumption;

**WHEREAS**, the Government should set aside and provide the example in the efforts to reduce the country's dependence on imported fuels and to foster energy self-reliance by promoting the use of alternative fuels;

**WHEREAS**, the acquisition of government motor vehicles should be guided by the principles of functional suitability, affordability and practicability, and must strictly comply with RA No. 8749, known as "The Clean Air Act of 1999";

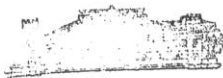
**WHEREAS**, the recent trends in the automotive industry have rendered the current guidelines on motor vehicles' specifications outdated;

**WHEREAS**, the process of acquiring new motor vehicles could be further streamlined;

**NOW, THEREFORE, I, GLORIA MACAPAGAL ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested of the powers vested in me by law, do hereby order:

1.0 All government offices, including Government-Owned or Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), State Universities and Colleges (SUCs) and Local Government Units (LGUs), are hereby prohibited from acquiring and/or using luxury vehicles for their operations.

2.0 For the purpose of this Order, a "luxury vehicle" shall refer to any motor vehicle with the following technical specifications:



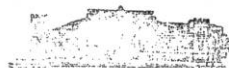
- 2.1 Car (sedan or hatchback) with an engine displacement exceeding 2200cc, if gasoline-fed; or 3000cc, if diesel-fed; and with an engine exceeding 4 cylinders;
  - 2.2 Passenger van or pick-up type vehicle with an engine displacement exceeding 2200cc, if gasoline-fed; or 3000cc, if diesel-fed; and with an engine exceeding 4 cylinders;
  - 2.3 Crossover Utility Vehicle (CUV)<sup>1</sup>/Multi-Purpose Vehicle (MPV)/Asian Utility Vehicle (AUV) with an engine displacement exceeding 2000cc, if gasoline-fed; or 2500cc, if diesel-fed; and with an engine exceeding 4 cylinders;
  - 2.4 Sports Utility Vehicle (SUV) with an engine displacement exceeding 2700cc, if gasoline-fed; or 3000cc, if diesel-fed; and with an engine exceeding 4 cylinders;
- 3.0 The following vehicles are not covered by this Order:
- 3.1 Those used for security reasons and purposes for the President, Vice-President, Senate President, Speaker of the House of Representatives and Chief Justice of the Supreme Court;
  - 3.2 Vehicles donated by Foreign Governments and Bilateral and Multilateral Institutions, if compliance with this Order is violative of the terms and conditions of such donation;
  - 3.3 Vehicles used for visiting foreign dignitaries maintained by the Office of the President (OP)-Proper and the Department of Foreign Affairs; and
  - 3.4 Vehicles acquired for on-going projects funded from existing official development assistance programs;

4.0 In this connection, all government agencies are hereby directed to account for all their motor vehicle units, prepare a disposal program for all luxury motor vehicles and submit a report to the Department of Budget and Management (DBM) and OP, thru the General Government Administration Office (GGAO), on compliance with this provision.

5.0 The government office concerned shall proceed to immediately dispose of such vehicles by public auction or sale in compliance with applicable laws, rules and regulations.



<sup>1</sup> A new classification from the auto industry, CUV is categorized as a light commercial vehicle but with higher specifications than an AUV. It has the cargo and passenger carrying space of a passenger wagon/minivan, the aerodynamics and sleekness of a car, and the rugged looks and feel of SUV. MPV has a similar feature and is just a sub-classification of an AUV.



6.0 All proceeds from such sale shall be turned over to the National Treasury, in the case of national government agencies/SUCs; or to their respective corporate operating funds, in the case of GOCCs and GFIs; or to their respective local funds, in the case of LGUs. The same shall be automatically appropriated for the purchase of new ones, subject to the provisions of this Order, and for the repair of existing serviceable vehicles. Agencies concerned are required to submit a Special Budget pursuant to Section 35, Chapter 5, Book VI of Executive Order No. 292 (Administrative Code of 1987) and a report of vehicles sold and the utilization of the sales proceeds to the DBM and OP-GGAO.

7.0 The authority to approve the acquisition of the following types of motor vehicles is delegated to the agency head concerned and the Secretary of Budget and Management chargeable against the respective agency's appropriations authorized for the purpose:

- 7.1 Specific-purpose vehicles, such as, medical ambulances, military and police patrol vehicles, armored vehicles, prisoners' vans, and fire trucks;
- 7.2 Heavy equipment, such as, road construction equipment, cargo transport equipment, farm machineries, waste management/environmental sanitation equipment, and similar vehicles/equipment;
- 7.3 Locally-assembled owner- or passenger-type jeep;
- 7.4 Motorized bancas/boats;
- 7.5 Vehicles for mass transport when necessary in the interest of public service; and
- 7.6 Motorcycles and tri-wheel vehicles.

8.0 Local Chief Executives, including Punong Barangays, are hereby authorized to approve the acquisition of the types of motor vehicles enumerated under Section 7.0 hereof to be sourced from their unencumbered local funds. However, for acquisitions of said vehicles to be sourced from the national government funds under the annual General Appropriations Act, the concerned LGU shall seek the approval of DBM for motor vehicles enumerated under Section 7.0 hereof or OP for motor vehicles enumerated under Section 9.0 hereof.

9.0 All government agencies enumerated under Section 1.0 hereof shall seek approval of OP for the purchase of the following types of vehicles regardless of funding sources:

- 9.1 Car (sedan or hatchback) with engine displacement not exceeding 2200cc, if gasoline-fed; or 3000cc, if diesel-fed;



- 9.2 Passenger van or pick-up type vehicle with an engine displacement not exceeding 2200cc, if gasoline-fed; or 3000cc, if diesel-fed;
- 9.3 CUV/MPV/AUV with an engine displacement not exceeding 2000cc, if gasoline-fed; or 2500cc, if diesel-fed;
- 9.4 SUV with an engine displacement not exceeding 2700cc, if gasoline-fed; or 3000cc if diesel-fed;
- 9.5 All types of aircrafts; and
- 9.6 All types of sea-crafts, not otherwise classified under Subsection 7.4 hereof.

10.0 All government agencies enumerated under Section 1.0 hereof shall henceforth purchase at least fifty percent (50%) of their mobility requirements using alternative fuels, such as, bio-fuels-ready vehicles that run on higher blends, flexi-fuel, natural gas, solar and electric vehicles.

11.0 The Department of Energy (DOE) and the Department of Transportation and Communications (DOTC), with the assistance of other concerned government agencies, shall continue to develop and implement programs to promote the use of alternative fuels.

12.0 The Department of Budget and Management (DBM), in coordination with the DOE and DOTC, is hereby directed to provide necessary guidelines to effectively implement the provisions of this Order within sixty (60) days from its issuance.

13.0 The provisions of AO No. 339 (s. 1997), AO No. 3 (s. 2001), AO No. 4 (s. 2001), AO No. 103 (s. 2004) AO No. 110 (s. 2004), and AO No. 121 (s. 2005), which are inconsistent with this Order are hereby modified or repealed accordingly.

**Done** in the City of Manila, this 15<sup>th</sup> day of AUGUST, in the year of our Lord, Two Thousand and Eight.

*Gloria M. Arroyo*



By the President:

*Eduardo R. Ermita*  
**EDUARDO R. ERMITA**  
 Executive Secretary



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**CERTIFIED COPY:**  
 MARIANITO M. DIMAANDAL  
 DIRECTOR IV  
 MALACANANG RECORDS OFFICE

*119-2-11*