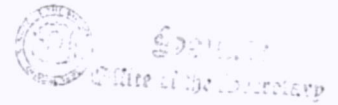


**SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )**



'18 MAY 10 (P2:18)

**SENATE**  
P.S. Res. No. 729

RECEIVED

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**Introduced by Senator Poe**

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**RESOLUTION**  
**DIRECTING THE SENATE COMMITTEE ON PUBLIC SERVICES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NATURE OF FARE SETTING AND DISCLOSURE OF TRANSPORTATION NETWORK COMPANIES FOR THE BENEFIT OF ADEQUATELY INFORMING PARTNERS, OPERATORS, DRIVERS, AND RIDERS IN THE CONDUCT OF ITS OPERATIONS**

WHEREAS, Section 6, Article XII of the 1987 Constitution provides: "The use of property bears a social function, and all economic agents shall contribute to the common good. Individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish, and operate economic enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands";

WHEREAS, Section 12, Article XIV further provides that "The State shall regulate the transfer and promote the adaptation of technology from all sources for the national benefit...";

WHEREAS, there are recent allegations of unauthorized fares of P2 per minute of travel time imposed by Grab, currently the biggest Transportation Network Company (TNC) operating in the country<sup>1</sup>;

WHEREAS, the LTRFB said that while there were previous discussions on the subject 2-peso per minute charge, "the said fare structure was implemented without the agency's consent"<sup>2</sup>;

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<sup>1</sup> <https://news.mb.com.ph/2018/04/12/grab-told-by-ltrfb-to-explain-p2-per-minute-charge-on-rides/>

<sup>2</sup> <https://ph.news.yahoo.com/ltrfb-grab-p2-per-minute-052835764.html>

WHEREAS, there are calls for the refund of the “illegal charges” sourced from the allegedly unauthorized P2 per minute charge<sup>3</sup>;

WHEREAS, Grab publicly manifested that it is willing to comply with a possible order from regulators to refund the alleged illegal fare collection subject to making sure figures are correct, at the same time claiming that the entire P2 per minute charge went directly to the drivers<sup>4</sup>;

WHEREAS, the suspension of the P2 per minute charge has allegedly brought to light a bigger problem pointing to a serious flaw in Grab’s algorithm which apparently gives its partners-drivers less than what they should be getting<sup>5</sup>;

WHEREAS, it is necessary to examine the fare setting and disclosure mechanics of TNCs in view of public interest and in light of its pervasive nature as a preferred mode of public transport;

WHEREAS, while the questions of fact surrounding the legality of the charge and appropriate action on the P2 per minute charge are now pending with the Land Transportation Regulatory and Franchising Board (LTFRB), the issue has brought to the surface the policy question of whether algorithms for fare setting, claimed by the TNCs to be proprietary, should be disclosed to enable the regulatory agency to effectively decipher fares and avoid overcharging at all instance;

WHEREAS, the need for transparency on fare setting should be balanced with the unique features of a digital network utilised by a transportation network entity, including dynamic pricing and other self-regulating mechanisms – inherent aspects which make the TNC model work, and exactly what makes transportation network vehicle services a viable choice in a country which sorely needs transportation options;

WHEREAS, it is also necessary to evaluate whether the LTFRB, in the performance of its regulatory function, should set a range of values for the base metrics of the fares imposed by the TNCs including the flag down, kilometre rate, travel time rate, and surge caps, in comparison with those of other public transportation modes as they all have common variables;

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<sup>3</sup> <http://newsinfo.inquirer.net/915519/2-solons-file-bill-that-hopes-to-end-row-between-ltfrb-ride-sharing-firms>; <http://www.ikot.ph/grab-should-refund-overcharges/>;

<sup>4</sup> <http://cnnphilippines.com/news/2018/04/18/Grab-ready-to-comply-if-regulators-ask-for-refund.html>

<sup>5</sup> <https://www.philstar.com/opinion/2018/04/30/1810667/philippines-number-numbered-nation>

NOW THEREFORE BE IT RESOLVED, as it is hereby resolved by the Senate, to direct the Senate Committee on Public Services to conduct an inquiry, in aid of legislation, on the nature of fare setting and disclosure of transport network companies for the benefit of adequately informing partners, operators, drivers, and riders in the conduct of its operations; *Provided*, that a transparent mechanism be made on the transfer of the illegally-charged Php 2.00 to both drivers and commuters, as appropriate, fair and immediate; *Provided, further*, that a law on purpose be crystal-clear on points like these concerns providing a full-transparent workings of the TNVs system considering that as of April 30, 2018, four new TNC-entrants are approved by LTFRB; *Providing, finally*, that this Resolution pave the way for a set of rules that would be feasible, in parity and fair considerate of the operators-drivers situation and the TNVS system as a whole, in Philippine setting.

*Adopted,*

  
GRACE POE  
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