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SENATE

P.S. Res. No. 1252

RECEIVED BY: 

Introduced by Senator Raffy T. Tulfo

RESOLUTION

DIRECTING THE APPROPRIATE COMMITTEE, TO CONDUCT AN INQUIRY IN AID OF LEGISLATION, TO ADDRESS THE SURGE PRICING AND PASSENGER/CLIENT COMPLAINTS AGAINST TRANSPORTATION NETWORK COMPANIES (TNCs) WITH THE END IN VIEW OF STRENGTHENING THE REGULATION OF TNCs, PARTICULARLY THE TRANSPORTATION NETWORK VEHICLES SERVICE (TNVS)

1 WHEREAS, on August 1, 2019, the Land Transportation Franchising and Regulatory
2 Board (LTFRB) issued Memorandum Circular No. 2019-036 to set how Transportation
3 Network Vehicle Services (TNVS) should compute the final fare charged to passengers –
4 which is the total of the flag-down rate, distance and time traveled, as well as surge fees;

5 WHEREAS, the same Memorandum Circular sets the flag-down rate for the
6 following TNVS:

- 7 a. sedan-type at P40, with additional P15 per kilometer distance and P2 per
8 minute of travel;
9 b. premium AUV/SUV at P50, with P18 per kilometer distance and P2 per minute
10 of travel;
11 c. hatchback or sub-compact at P30, with P13 per kilometer distance and P2 per
12 minute of travel;

13 WHEREAS, the holiday season is a time of increased travel demand, leading to
14 heightened usage of TNVS by passengers seeking convenient transportation options;

15 WHEREAS, during the holiday season, the surge in demand often results in
16 significant price increases, commonly referred to as "surge pricing," which can place an

1 undue financial burden on passengers, particularly those from low- and middle-income
2 backgrounds;

3 WHEREAS, while surge pricing is a mechanism used by TNVS to balance supply
4 and demand, it is essential to ensure that such practices do not exploit passengers during
5 a time when many are already facing increased financial pressures due to holiday
6 expenses;

7 WHEREAS, a report by the Philippine Center for Investigative Journalism (PCIJ)
8 showed that rides of the GrabCar service always included surge fees, the additional cost
9 computed by an algorithm to get more cars on the road;

10 WHEREAS, despite the surge fees, data collected by PCIJ also suggested that
11 customers still often endure lengthy wait times even when fares were high;

12 WHEREAS, according to the report, the surge multiplier averaged 1.51 times, with
13 the lowest at 1.19 times, and the highest at 1.98 or nearly twice the per-kilometer and
14 per-minute cost and the maximum rate allowed by the LTFRB;

15 WHEREAS, Grab Philippines said that the law of supply and demand is the leading
16 factor on why they are always imposing surge pricing even during the wee hours of the
17 day;

18 WHEREAS, the ride hailing app explained that the lion's share of surge pricing also
19 goes to the driver as an incentive because they are the ones going out during traffic, or
20 early in the morning;

21 WHEREAS, there is a fifty-peso cancellation fee for passenger who cancels five (5)
22 minutes after the time that booking has been allocated and if passenger does not show
23 up at the pickup location within five (5) minutes from driver's arrival;

24 WHEREAS, on the other hand, Lalamove, a delivery platform, has been subjected
25 to an influx of complaints about double booking, to which its riders would intentionally
26 turn off their global positioning system (GPS) to acquire another booking along the way,
27 causing the delay of delivery for hours;

28 WHEREAS, there are times that even with customer's consent, the delivery still
29 takes 3-5 hours;

1 WHEREAS, reports of Lalamove driver accounts being sold or shared, allowing
2 unauthorized people to use them for deliveries, sometimes with malicious intent. This
3 creates a significant number of security and operational risks for both Lalamove and its
4 customers;

5 WHEREAS, the lack of transparency in pricing algorithms can lead to confusion and
6 unpredictability for consumers, undermining their trust in TNVS;

7 NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the
8 appropriate committee, to conduct an inquiry in aid of legislation, to address the surge
9 pricing and passenger/client complaints against TNCs with the end in view of
10 strengthening the regulation of TNCs, particularly the TNVS.

Adopted,



RAFFY T. TULFO

