

LTFRB STOPS GRAB P2 PER MINUTE CHARGE

But company insists 'fare component' has legal basis in 2015 DOTr order

Philippine Daily Inquirer · 20 Apr 2018 · By Jerome Aning @JeromeAningINQ

The Land Transportation Franchising and Regulatory Board (LTFRB) has ordered ride-sharing service Grab Philippines to immediately suspend its P2 per minute travel charge pending the resolution of a complaint against it.



The directive was contained in an order dated April 18 signed by LTFRB Chair Martin Delgra III and released on Thursday.

“Further to the Order issued by the Board on 17 April 2018, pending extensive review and resolution on the issue of the respondent’s travel time charge of P2.00 per minute in their fare structure and consistent with the Order of the Board dated 27 December 2016, the Board directs respondent, My Taxi.ph.inc (Grab) to immediately suspend the imposition of P2 per minute charge,” the order said.

Motion for reconsideration

But Grab said it would file a motion for reconsideration, insisting that the charge was legal.

It said the charge was based on a 2015 order of the Department of Transportation (DOTr) authorizing transport network companies (TNCs) to set their own fares.

Eighty percent of the charge goes to its drivers and the rest becomes Grab’s commission, part of which also serving as drivers’ incentives as well as promos for passengers, the company added.

Consequences

“If the P2 per minute fare component is stopped, drivers will not earn enough and will be left with no option but to leave their job, resulting in even fewer vehicles for the riders. If this happens, it will take longer for riders to get a ride, and if there are not enough cars, surge may go up. Other passengers booking from far locations may be left unallocated,” Grab said.

“This order sounds populist but is actually antipeople because it will hurt the drivers and the passengers more,” a company statement quoted Grab Country Head Brian Cu as saying.

“The P2 fare component is not a Grab income since 80 per cent goes to the driver, and the 20 percent left is used for additional driver incentives and passenger promos,” Cu said.

“We hope the public realizes that this P2 fare component was implemented for their own benefit and not Grab’s.”

No requirement

Cu explained that the TNCs’ “unilateral fare-setting prerogative” was taken away in 2017 in a new department order but fares set before that would remain and only future adjustments are covered.

“The 2015 order did not require TNCs to file petition on fares; neither were we required to inform LTFRB. Even so, we still informed LTFRB during a technical working group meeting and in an official e-mail.”

The 2015 DOTr order that allowed TNCs to set their fares reads in part: “Fare: As set by TNC, subject to oversight from the LTFRB in cases of abnormal disruptions of the market.”

Grab said the P2 charge was implemented only in July 2017 to keep drivers’ income from being affected by factors like traffic congestion and remote pick-up locations.

The LTFRB is acting on a complaint from Pwersa ng Bayaning Atleta party-list Rep. Jericho Nograles, who demanded that Grab refund riders some P1.8 billion in “illegal” charges.

This order sounds populist but is actually antipeople because it will hurt the drivers and the passengers more

Brian Cu Grab country head