FARE REGULATION FOR METRO MANILA AIRCONDITIONED BUSES

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WHEREAS, it has come to the attention of the Board that immediate increase of fare rates of Air-Conditioned Public Utility Buses (PUB) in Metro Manila is being implemented without any authority from this Board;

WHEREAS, the Honorable Supreme Court enunciated in the case of Kilusang Mayo Uno Labor Center vs. Hon. Garcia, et.al., dated 23 December 1994, that the Legislature delegated to the defunct Public Service Commision (now, LTFRB) the power of fixing rates of public utility vehicles (PUV). This Board, the existing regulatory body today, is likewise vested with the same under Executive Order No. 202, dated 19 June 1987. Section 5 thereof specifically empowers this Board to "determine, prescribe and approve and periodically review and adjust reasonable fares, rates and other related charges, relative to the operation of public land transportation services provided by motorized vehicles;"

WHEREAS, the Supreme Court further declared that nowhere in the provisions of the Public Service Act and EO 202 would authorize any other entity (a common carrier, a transport operator, or other public service) to regulate fares, except PSC and now, LTFRB. It likewise declared that further delegation of such power would indeed constitute a negation of such duty in violation of the trust reposed in the delegatee mandated to discharge it directly. The policy of allowing PUV operators to change and increase/decrease their fares at will would result not only to a chaotic situation but to an anarchic state of affairs. This would leave the riding public at the mercy of transport operators who may increase fares every hour, every day, every month or every year, whenever it pleases them or whenever they deem it necessary to do so;

WHEREAS, the Department of Transportation and Communications (DOTC) issued Department Order No. 2002-77, dated 05 December 2002, the whole portion of which reads, thus:

> "It has been observed that the "deregulated fare policy" for the air-conditioned bus services has resulted to unfair and cutthroat competition between operators of ordinary/regular passenger buses and operators of air-con buses, which ultimately translated into degradation of service efficiency and/or dislocation of services.
>
> In view thereof and in order to ensure sustainability in bus operation, the LTFRB is hereby instructed to issue standard fare advisory not only to regular services but to air-conditioned bus/PUJ services as well. The premium for air-conditioned services shall at least be twenty percent (20%) more than the fares authorized to regular services;"

WHEREAS, the DOTC likewise issued Department Order No. 2005-010, which took effect on 27 May 2005, setting forth the Policy guidelines on the Exercise of Authority and Functions by this Board and empowering it to amend or modify, in part or in its entirety, existing Department Order/s previously issued by DOTC governing the powers and functions provided in Section 5 of EO 202;

WHEREAS, the Board issued Memorandum Circular No. 2005-020 (Re: Board's Policy On the Regulation of

Fares of Public Utility Bus Air-conditioned Service), dated July 7, 2005, advising and warning public utility air-conditioned bus operators to refrain from charging fare increases and decreases without seeking authority and approval of the Board;

WHEREAS, the Board, through received and validated complaints, discovered that PUB Aircon fares for the first five (5) kilometers is thirty-eight percent (38%) higher than PUB Non-aircon fares after the granting of fare increases last 09 May 2005 and fifty percent (50%) higher prior to the granting of PUB non air-conditioned fare increase;

WHEREAS, the Board is mindful of its duty to protect the investment of the public utility bus operators;

WHEREAS, the Board is also guided by the principle that the paramount consideration in the issuance of a Certificate of Public Convenience (CPC) is public convenience;

WHEREAS, the primary purpose of fare regulation by the Board is to secure an adequate and sustained service for the public at the least possible cost, and to protect and conserve investments already made for this purpose;

WHEREAS, the Board is duty-bound to assess and determine based on market forces affordable fare rates and viable to the operators and the riding public;

NOW, THEREFORE, this Board, in the interest of the riding public and pursuant to the aforesaid decision of the Supreme Court, Department Order Nos. 2002-77 and 2005-010, and Memorandum Circular No. 2002-020, hereby issues a Fare Regulation for all Metro Manila public utility air-conditioned bus operators as follows:

For the first five (5) kilometers - PhP 10.00 (25% difference from Eight

pesos (PhP8.00) of PUB non-aircon)

Succeeding kilometer/s - PhP 1.75/km (no difference from PUB

non-aircon fare)

The implementation of the fares indicated above are subject to the following conditions:

1. All franchised Metro Manila Air-Conditioned bus operators are required to secure a Fare Matrix in the amount of Fifty Pesos (PhP 50.00) per unit and P40.00 for Franchise Verification record. The P50.00 fee shall entitle the operator to an original copy of the fare matrix where the plate number of that particular unit is indicated therein and the landmark of every kilometer;

2. All Metro Manila Air-Conditioned bus operators shall post in conspicuous places inside their buses and terminals or stations the aforesaid original fare matrix for the information of the riding public and to avoid disputes between passengers and conductors as to the amount of fare to be paid;

3. The elderly and the disabled are entitled to a 20% discount on fares all year round upon presentation of their duly Identification Cards (IDs);

4. Students are entitled to a twenty percent (20%) discount upon presentation of their duly issued identification cards from their schools. However, students can only avail of the 20% fare discount during the school year, from Mondays to Fridays. Student discounts cannot be availed of on Saturdays and Sundays, legal holidays, summer and Christmas breaks. Graduate School Students and the like are not covered by the said fare discount;

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5. Children three (3) feet and below shall be free of charge and shall not be allowed to sit on the lap of his/her adult companion for safety purposes. Operators are therefore required to provide a measuring device (e.g. tape measure, yardstick and the like) set up on the vehicle entrance to serve as a guide;

6. Failure to comply with the requirement of posting the fare matrix and giving discounts to the elderly, disabled and students shall subject the erring conductors and operators to the imposition of the corresponding fines and penalties pursuant to existing LTFRB and LTO rules and regulations; and.

7. Overcharging and/or undercharging passengers shall be penalized with the corresponding penalties as set forth in said MC No. 2005-020.

This Memorandum Circular supersedes any and all issuances inconsistent herewith, and takes effect fifteen (15) days following its publication in a newspaper of general circulation or the filing of three (3) copies hereof with the UP Law Center, pursuant to Presidential Memorandum Circular No. 11, dated 09 October 1992.

SO ORDERED.

Adopted: 19 July 2005

(SGD.) MARIA ELENA H. BAUTISTA
Chairperson

(SGD.) GERARDO A. PINILI
Board Member

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