

**[ LTFRB, September 30, 2004 ]**

**DECISION ON THE PETITION FOR THE TAXI FARE INCREASE IN  
METRO MANILA**

**D E C I S I O N**

For resolution is the Amended Petition for Approval of Fare Increase filed by herein petitioner on July 2, 2004, praying for an increase of P5.00, from the present flagdown rate of P25.00 to P30.00, for the first five hundred (500) meters; and an increase of P0.50, from the present P2.00 to P2.50 for the succeeding meters with a decrease of 50 meters, from three hundred (300) meters to two hundred fifty (250) meters. The reduction of waiting time from the present P2.00 for every two (2) minutes to P2.50 for every one (1) minute was likewise prayed for.

The Petition for fare Increase was originally filed on April 22, 2004 and requested the following taxi fares/rates in Metro Manila, to wit:

Flagdown of P40.00 for the first 500 meters  
P2.50 for every succeeding 250 meters  
Waiting time - P2.00 per every one (1) minute

In the scheduled date of hearing of the first petition on June 3, 2004, the Board ordered in open court for the resetting of the same to June 8, 2004 due to the non-appearance of the parties. On the latter date, the counsel of herein petitioner requested for another resetting of the hearing due to the alleged illness of Mrs. Leonora C. Naval, President of ATOMM, which the Board granted and the same was reset again to June 15, 2004. On June 15, 2004, Petitioner appeared but no representative from the Office of the Solicitor General (OSG) attended the hearing. Thus, the petitioner presented the jurisdictional requirements, and requested, which this Board granted, that the evidence in support of the petition and the affidavit in lieu of direct testimony of petitioner's witness be submitted on or before June 18, 2004. Records showed, however, that the OSG filed an Opposition to the Petition wayback on June 1, 2004. Moreover, an oppositor who stood before this Board by the name of Alejandro Ignacio vigorously opposed said petition, and was ordered to file his written opposition thereto on or before June 18, 2004. On June 22, 2004, the parties appeared through their respective counsels. However, the Board discovered that upon scrutiny of the records of this case, the petition was filed without a Certification of Non-Forum Shopping and proof of authority or Board Resolution coming from the petitioner, which authorized the signatory of the said petition to represent the association in this petition. The petitioner was ordered to file an amended petition to conform with all the requirements of law, in form and in substance, within a period of five (5) days from the date of hearing, June 22, 2004.

Otherwise, the application shall be dismissed.

The petitioner filed an Amended Petition on July 2, 2004. The Board issued a Second Notice of Hearing on the same date, and parties thereto were furnished copies of the said notice. On July 22, 2004, only the petitioner appeared and prayed that oppositor be declared in default and that a summary procedure as adopted in similar cases of fare increases be also adopted in this case. The Board granted said prayer. The petitioner was given five (5) days to file its position paper, attaching thereto the Affidavit of any of its witness, if there is any. The Board further ordered that after the lapse of the period, with or without the required position paper, this case shall be submitted for resolution.

In the position paper filed by the petitioner on July 26, 2004, the petitioner stated the factors that should be considered in approving the fare adjustment on Taxi Air-conditioned Service. Foremost of which is the granting of increase in PUB and PUJ fares as per Consolidated Decision issued by the Board on May 25, 2004. Petitioner averred that Taxi operations is very similar to jeepney operations in the sense that an ordinary driver shoulders two (2) basic costs - boundary and cost of fuel. The operator in turn is responsible for the maintenance of the vehicle, registration, and insurances and ensures compliance with government requirements. Petitioner emphasized that in the said Consolidated Decision, the Honorable Board took note of the increase in the cost of spare parts and maintenance expenses, as well as the rise in vehicle LTO registration fees by 25% annually, and the jump in LTFRB administrative and supervision fees. The pump price of unleaded fuel has increased to P25.31 from P13.24 in the year 2000 to P25.31, equivalent to an increase of P12.07 per liter or 91.16% increase since the last taxi fare adjustment authorized by this Board. With the increases, the average take home pay of a driver is severely affected. On the part of the operator, the return of investment is only 6.3% which is worse off than the driver on the standpoint of minimum wage.

On top of the petitioner's argument, it adopted the said Consolidated Decision and was made as an integral part of its position paper.

The OSG, on the other hand, in its Manifestation and Motion In Lieu of Position Paper filed on August 6, 2004, prayed that it be allowed to adopt its Opposition dated May 28, 2004 and Amended/Supplemental Opposition dated July 16, 2004 as its Position Paper in this case. The gist of the Opposition was anchored on the failure of the petitioner to show any specific data on why the present fare rates are no longer economically viable and how the increase in price of fuel, spare parts, etc., and increase in wages have affected the viability of its operations. OSG also claimed that petitioner has also failed to present its financial statements especially considering that it alleged potential losses in its operations. Other than petitioner's sweeping statements, it failed to attach projections/studies showing the impact of the increase in prices of gasoline, spare parts and wages under the old or existing rates and the possible margin of profit under the new taxi fare rates. It reiterated the landmark Decision of the High Court in the case of *Kilusang Mayo Uno Labor Center vs. Garcia, Jr., et al.*, 239 SCRA 387 (1994), which ruled that "A rate, therefore, must be reasonable and fair and must be affordable to the end user who will utilize the services". It argued that the proposed increase appears to be burdensome to the general riding public. Considering the unceasing increase in the number of commuters who would avail of taxi services, a moderate increase in the fare rate should be sufficient and still bring a reasonably good return of investments

for the taxi operators. OSG further averred that the proposed increase is excessive, confiscatory and onerous to the general public, especially those in the middle and low-income groups. The burden of showing that the proposed adjustment in taxi fare rate is fair and reasonable, not confiscatory and onerous, lies with the petitioner.

We find for the Petitioner.

In the Position Paper filed by the herein petitioner, it clearly showed and discussed the economic viability and the effect of increase in prices of fuel, spare parts, wages etc. vis-à-vis to the operators and drivers' plight. It likewise presented data of income computation of drivers and operators (single unit and large fleet operators), as well as the possible margin of profit under the proposed fare rates.

The last fare increase for Taxi Airconditioned Service was approved and authorized by this Board more than four (4) years ago. The Board, in the adjustment of fare as per Decision dated July 12, 2000, considered the series of increases in the price per liter of premium gasoline. In addition thereto, the prices of engine and gear oil, grease and brake fluid have also risen by more than thirty percent (30%). The prices of spare parts, tires and tubes, have likewise increased by more than twenty percent (20%).

We have to take note that this Board had issued a Consolidated Decision dated May 25, 2004 approving the Fare Increase on Public Utility Bus (PUB) and Public Utility Jitney (PUJ) Services. The basis of the said decision was the successive increase of fuel, spare parts, brake fluids, grease, gear oil and tires and other operational expenses such as the wage increase and the grant of ECOLA amounting to P50.00, and the increase of government fees, like the LTO registration fees, LTFRB supervision fees and annual report and such other regulatory fees which affected the viability of the operations of the transport operators. Hence, this Board is constrained to approve the instant amended petition.

Analyzing the available data and figures in this case, in relation to the proposed fares, the Board considered the 70% increase in the price per liter of premium gasoline, 10% increase in the price of engine and gear oil, grease and brake fluid from prices of spare parts, tires and tubes the time the taxi fares were last adjusted on July 12, 2000. This year alone, there were eight (8) fuel increases that occurred.

Other items and factors which were considered in the approval of the increase of fares on PUB and PUJ services are the depreciation of rolling stocks, peso devaluation, increase of government fees and other operational expenses.

Considering that operating costs have risen since the last approval of fare increase for Taxi Air-conditioned service, taxi operators deserve an upward adjustment in their fares. What needs to be determined now is the margin or rate of adjustment with the interest of passengers in mind as a primordial consideration.

Pursuant to and in accordance with Section 16, (c) of the Public Service Act and Section 5, (c) of Executive Order No. 202, the Board authorizes the increase fares for Taxi services in Metro Manila as follows: