

Cabanatuan City: Tricycle Capital of the Philippines

Felipe E. Balaria

College of Management and Business Technology, Nueva Ecija University of Science and Technology Cabanatuan City, Philippines

Abstract: This study focused on the tricycle industry in Cabanatuan City located within the heart of the Province of Nueva Ecija, also known as the “Tricycle Capital of the Philippines”. More particularly, it delved on describing the demographic profile of the tricycle sector including its internal and external environments, and the viability of owning one. Descriptive research method was used and randomized block design was employed in getting the sample that involved 412 respondents in 89 barangays of the city. Findings revealed that tricycle driver-operators were males, in their productive age, married, mostly high school graduates, and that tricycle driving was the only means of livelihood. Limited job opportunities and educational background were the reasons for choosing this occupation. Owning a unit requires only a very small capitalization where investment can be recouped in so short a time. Tricycle units were usually financed. Organization and management was very simple. Majority used 4-stroke motor engine which was more environment-friendly than two-stroke. Tricycle sidecar was undersized and risky for passengers. Abuses were rampant as to the fares charged to passengers, and often contracted to as high as three-hundred percent or more. Many of them disliked tricycle driving because of long hours of waiting and physical fatigue. Majority were not ready yet for a change in the mode of transportation like the use of e-trike. Environmental concerns include used lube oil was stockpiled in the backyard and tricycle driver-operator urinated in public places. Income derived from this insufficient to the needs of their family.

Keywords: Tricycle; Driver-Operator; Occupation; Livelihood; Income.

I. INTRODUCTION

The City of Cabanatuan has been dubbed as the "Tricycle Capital of the Philippines", because it has about 30,000 registered tricycles as of September 2009 (Cabanatuan-city.webs.com/). This three-wheeled vehicle is used as a major mode of transportation since buses and jeepneys are headed outside the city. Most of the time, these tricycles provide supplementary services by transporting the commuting public to major thoroughfares. Commuters residing away from these roads highly depend on tricycle services to avoid walking some distance. People of Cabanatuan rely on tricycles 24- 7.

This kind of trade has become an “occupation” for most Cabanatuëños. Tricycle driving is the most preferred alternative livelihood among the unemployed residents as it doesn't require huge capital to own and maintain one. It continues to thrive for quite a long time already whether or not the income derived from it can support a family remains a phenomenon.

Based on the 2010 records of City Licensing and Franchising Office (CLFO) of Cabanatuan, there were 13,966 registered motorized tricycle operators, 3,500 registered private or for service only, and an estimated 6,000 colorum or illegal tricycles that were operating in Cabanatuan. The informant disclosed a 7% increase in tricycle registration annually even if they have limited franchise. As to passenger volume vis-à-vis the transport mode, the count made by the same office and DPWH shows that more than 50% of the commuting public use this as a means to carry them to their destination.

Venturing into business is one of the easiest to setup. One only needs to purchase the motor and sidecar, register, and get a franchise, and lastly, apply for operators and drivers association membership known as the Tricycle Operators and Drivers Association or TODA. The purchasing part is not that easy though, because one has to contemplate on whether buying second hand is a practical thing than brand new. The pros and cons are for considerations given the situation and available resources.

Local motorcycle distributors abound in the city where the required downpayment is a little less than P3,000 while the rest can be secured through financing amortized in 36 equal monthly installments or equivalent to a term of three years. This is approximately P2,000-P2,500 monthly based on this financial scheme. All it takes is another P9,000 or so for a sidecar and a spare money for registration. Immediate members of the family even volunteer to share in the expenses just to raise the amount needed. Indeed, it requires a small capital in exchange for a sure income.

If one does not have available money for the downpayment, there are available units for rent usually P100 to P150 per day which can be leased to the owner. The practice is known to many as “boundary” system. Based on the random interviews made by the researcher to several tricycle operator-drivers, a take-home income of P300-P400 daily net of fuel consumption is their present experience depending on the number of hours they would spend on the street.

Opposite the benefits are the assumptions that no trade exists without problems. The dilemma facing the industry can be of varying degrees. Solutions can be endless.

Laws and city ordinances are numerous. Cabanatuan Sangguniang Panlungsod (local city council) ordinances reveal the rate of fare to be P7.00 in 2004 and amended in 2007 which increased the same to P14.00 for every regular passenger. This rate decreases if more than one passenger. Discounts are also given to students, senior citizens and the disabled (but is not obeyed by tricycle driver-operators).

As per records of the National Statistics Office in Cabanatuan (1995), the city has about 201,033 people and is expected to increase by 2% annually or 264,215 by year 2010. It can be hypothesized that one of the reasons why there is a continued demand for tricycles is partly due to the increase in the commuting public. The mushrooming commercial establishments like supermarkets, offices, new subdivisions included, have created a demand for more tricycles. They are expected to trigger economic activities that would increase employment opportunities and income within the affected areas in the following years. A demand for transportation is directly proportional to population growth - as population increases, the demand for mobility also increases.

If figures are to be considered, 6% of the population is engaged in tricycle operation. Assuming that an average of 9,000 (of the total 13,966 minus those color-coded) operate their units daily, and whose estimated earnings is P300 each can be translated to P2.7 million income from the riding public.

Tricycles do not only provide vital transportation to the Cabanatuan’s masses, they also provide jobs for its people. For as long as this trade can bring opportunity for most Cabanatuëños, the operation of tricnycle will be here to stay.

Considering the above scenario, this study finds great economic and social relevance not only to the people of Cabanatuan, but also to those engaged in the industry who use this vehicle as a means of livelihood and transportation.

II. OBJECTIVES OF THE STUDY

The study sought answers to the following:

1. Describe the demographic profile of the tricycle driver-operators;
2. Describe the financial viability of owning a tricycle;
3. Describe tricycle operation’s internal environment; and
4. Describe its external environment.

III. METHODOLOGY

The researcher used the descriptive research method. Randomized block design was the method employed in getting the sample population. In this design, the researcher identified first the number of registered tricycles (thru CLFO Cabanatuan) in a given area and then determined the sample size based on their location or terminal post, and randomly picked respondents from that population. The study was conducted in 89 barangays in Cabanatuan City in the years 2011 and 2012 which involved 412 tricycle operator-drivers who were either roaming by their availability or were stationed in their terminal post in their respective barangays. Driver-operator would otherwise refer here to the tricycle operator or owner and at the same time the driver or the one who operates the unit. Simple accounting method was used in the financial assumptions of this study to illustrate briefly the financial viability of this undertaking.

IV. FINDINGS

1. Profile of Cabanatuan City's tricycle driver-operators:

Gender: This occupation is actually dominated by males. This is particularly true in Cabanatuan City and the rest of the province of Nueva Ecija (where Cabanatuan City is located) or elsewhere in the Philippines. The Filipino tradition dictates that men have to work for his family. Besides, this job requires some physical flexibility because of the nature of the work.

Age: Majority of tricycle driver-operators were between 35-42 years, while some were even at a later age of 69 and above, and the youngest was 19.

Civil Status: Majority or 89.08% of them were married. The rest were either single (7.04%) or separated or widower (3.88%).

Number of dependents: More than half of them had household members of 3 or 4. Only a portion had 5 members and above.

Educational attainment: Of the 421 respondents, 247 were high school graduates, while 105 reached high school level, the rest were elementary graduates. Only 3 had college diploma.

Number in the family earning for a living: More than three-fourths of the tricycle driver-operators were found to be the only ones earning for their family. There were instances, however, when other members of the family particularly the mother or the eldest in the brood had to work to augment their everyday needs.

Other sources of income: Driving, farming, vending, construction works, welding and some menial jobs were the other sources of income which comprised 26.2 % of the respondents, 54.13% disclosed they had no other means but tricycle driving only, while 19.66% were reluctant to answer the question. The figures denote that majority of them had no other means of livelihood except tricycle driving, while a small portion sought extra or part-time job elsewhere to augment their income.

Other skills or job qualifications: Doing repair jobs to that of a machinist and driving other vehicles were the other skills or job qualifications comprising 11.89% of the respondents, while 8.01% divulged they knew some culinary activities, 4.13% were knowledgeable in construction works, 1.70% said they were familiar in installing house electrical wirings, while majority of whom disclosed they had no other skills than their present occupation which comprised 74.27% of them. Certain jobs may require specific skills, say functional skills, hence majority of the respondents answered limited work opportunity the reason why they were in tricycle operation at present. In reality, skills acquisition is a complex process. An applicant must be equipped with the skill to become employable, and the required educational background and necessary training or experience which this sector may be lacking.

Number of years in tricycle operation: Majority were already plying the city streets for more than 5 years already. A little than one-fourth of them had more than 10 years. The rest had 5 years below.

Membership to Tricycle Operators and Drivers Association or TODA: Majority of the respondents were TODA members. The rest were not members to any tricycle association at the time of the interview. Being a TODA member would mean one has to follow the rules and regulations particularly the uniformity of rates being charged to passengers. The increasing TODA alliances over the years has shielded operators from the impact of competition and deteriorating income, and has become disadvantageous to the riding public because of the restrictions such as price fixing.

Reason/s for choosing tricycle operation as a means of livelihood: Limited job opportunity ranked 1 (90.05%) was the foremost reason why respondents opted tricycle operation as their source of income. Educational attainment could be the primary cause why they chose this occupation instead. High school graduates have actually limited work opportunity in the Philippines.

There are few industries available in Cabanatuan, hence a small demand for a workforce which translates into low labor demand. Only a small fraction of the population lands with job and in most cases are even underemployed, and this leaves a large pool of unemployed and unqualified workers. Unlike the neighboring cities of Cabanatuan where factories and marine trade flourish (DTI, 2010), hence not enough room for employment opportunities.

Second in rank (81.80%) was this venture or tricycle operation could generate cash easily. The needs are immediate in this sector for their family’s survival.

Encouraged by family or friends came third (26.46%) as the reason for choosing this employment. The family or peers had great influence on them especially if the benefits from this venture can be felt easily; say instant money as the focal motivating factor. Fourth (21.12%) was that capital outlay is rather small. Owning a tricycle does not involve large amount of investment. Besides, motorcycle stores offer an affordable installment plan that makes it more attractive for buyers.

Dislike for office work which ranked fifth (10.68%) was relative on the respondents’ orientation or work preference. It is understandable because of the many limitations like educational background and the conditions for the requirements of the job. Others prefer to be self-employed for many reasons.

Gathered data also leaned to no choice and too old for other work as the other reasons which ranked sixth (4.14%).

2. Financial viability of owning a tricycle:

Table 1 describes the capital outlay estimates relative to operating a tricycle. Note that conversion of US dollar versus the Pesos at the time of investigation was pegged at P45 to a dollar. Hence, a daily service income of P400 is equivalent to a little less than 9 US dollar.

TABLE 1. Underlying Assumptions in Operating a Tricycle

<i>Assumptions</i>	<i>Amount</i>
1. Service income is estimated @ P400 daily x 360 days	P 144,000
2. Loan proceeds from financing the unit @ P46,000 – P3,000 downpayment (D/P)	43,000
3. Owner’s equity: Licensing @ P5,500 + sidecar P6,000 + P3,000 D/P	14,500
4. Maintenance expenses yearly	4,000
5. Gas, oil and lubricants at P75/day x 360 days = P27,000	27,000
6. Amortization payment + interest is assumed @ P30,600 (2,550/mo. X 12 mos.) yearly	30,600
7. Depreciation charges is [cost of unit & sidecar] P52,000/10 yrs. = P5,100/annum	5,200
8. TODA fees and daily dues lump sum	1,250

The amounts described above were based on the experiences of the tricycle driver-operators. Some traditional accounting methods were used where the foregoing results would serve as indicators only, although the figures may not be absolute.

As regard the above assumption, service income was arrived at computing the average daily service income, say P400 (20 travels x P20 per single ride) multiplied by 360 days to make it annual. Note that previous earnings about 2 decades ago was double this amount which connote that indeed this is a very lucrative occupation.

Loan proceeds was net of downpayment and other charges. Say a unit costs P46,000 less P3,000 downpayment is P43,000.

Owner’s equity or owner’s capital, therefore totals P14, 500 representing the downpayment, registration and cost of sidecar. Maintenance expenses is estimated at P4,000 yearly, and monthly installment payment of P2,550 X 12 mos. is equal to P30,600 at 2.5% loan interest per annum.

In the case of the tricycle, it could have a useful life of ten years before it wears out and loses all value. Straight-line method was used, thus P52, 000/10 years = P5, 200 annual depreciation.

Part of the anticipated expenses is the TODA fees at P1, 250 yearly.

Table 2 describes the projected income statement for the first year of its operation, but is based on the assumptions given on Table 1.

TABLE 2 Typical Income Statement 1st Year of Operation

Service income	P 144,000
Less: Disbursements	
Gasoline, oil and lubricants	27,000

Registration	5,500
Maintenance	4,000
Depreciation	5,100
Amortization	30,600
TODA fess	1,250
Net Income	P 70,550

It can be gleaned that if P70,550 is divided by 365 days a year gives a daily income of P193.00 for the tricycle driver-operator or this is equivalent to more than 5 US dollar. Whether the amount is enough to sustain a family of 4 or 5 is arbitrary during those years. The increase of single motorbikes and private vehicles in the streets have rendered tricycles less attractive for commuters, hence the dwindling take-home income nowadays.

3. Internal environment:

Organization and management: Technically, organization is simple and often family-owned in this kind of trade. It only requires a applying for a franchise from the City Government and some cash for motor downpayment, purchase of sidecar and Land Transportation Office (LTO) registration. Under this setup, the owner-operator exercises complete control on the overall management and responsibility, liabilities, and risks. There are generally fewer record-keeping and reporting requirements. If one does not own a unit, a “boundary” system or rental of the unit for P100 or P150 daily is available from some owner-operators during rest days. Majority were not covered by Social Security System and only Third Party Liability insurance coverage was available for them in case of accident. Vices among tricycle driver-operators were rampant. Problems include lost opportunity due to traffic, the need to operate early and retire late at night, and the rising cost of motorcycle replacement parts.

Market and marketing: Majority of the passengers were students and office workers. Routes were not limited within the city proper. Survey revealed that tricycle driver-operators did not follow legal fare rate. Rates in the evening were usually higher. Fares were often contracted far above the city ordinance law. One of the significant findings of this study showed Cabanatuan to have one the highest in terms of the fare rate per kilometer. Problems include increasing number of competitors, colorum tricycles, private vehicles, and the color-coding scheme imposed by the City Government.

Technical: Four-stroke motorcycles account for 93.20% of those surveyed. The rest operate 2-stroke. Fuel consumption daily ranged from 1.5 to 2 liters. Unleaded gasoline is the most common grade of fuel that was used by the majority of the respondents. Technically, the sidecar is not passenger-friendly due to its instability (Asian Development Bank Report, 2005) because they are undersized for a common Filipino passenger, inconvenient on rainy/sunny days, and uncomfortable in terms of ride^[1]. ADB further argued that due to material minimization in construction, sidecar designs even became smaller. The issue on the safety of sidecar in the absence of any law, and as a matter of requirement puts the passenger’s life at risk. Many were operating 6 days a week with at least 14-20 travels daily. Problems include traffic and fewer lighted streets at night.

Financial: Respondents who sourced their unit from motor financing or other lending institutions accounted for 58.59% of them, another 26.46% were sourced from individual lending financiers, while 15.05% were paid in cash. The financing scheme offered by motor companies carry an interest from 2.5 to 3 percent per month for a term of 3 years covered by a chattel mortgage.

4. External environment:

Legal: All of them were compliant to local and national laws as regard vehicle registration. Only few were caught to be disobeying this law like expired registration and traffic violations. It is evident, too of the driver-operator’s utter disregard for the city ordinance as regard collecting fares from passengers. Seldom, too do they follow dress code and placing of trash can inside the tricycle cabin as embodied in the city ordinance.

Social and economic benefits: Tricycle driving actually helped curb unemployment in the City even if survey revealed insufficiency of income derived from this occupation. It was also found out that majority of them abhorred this occupation because of physical exhaustion and boredom, but many also showed preference for this kind of livelihood because it alleviated their family from poverty. On the other side, since tricycle is only the means of inland transportation in Cabanatuan, they sustained the transportation needs of the masses. The tricycle sector also complements other businesses.

Social responsibility/business ethics: Section 1, City Ordinance 2007-040 re: Tricycle Fare Rate; for single regular passenger will have to pay P14; for student/ senior citizen will have to pay P10; and for persons with disability at P8 per. For two or more regular passengers will have to pay P10 per passenger; for student/ senior citizen will have to pay P8 per passenger; and for persons with disability at P8 per.

Section 1 of the same city ordinance states the fare rate of P14 for the first one (1) kilometer but not exceeding three (3) kilometers from the point of origin shall be applied within Cabanatuan. An additional Two Pesos (P2.00) per additional kilometer shall be charged for each passenger when the destination goes beyond/ or exceeds one (1) kilometer after the first three (3) kilometers as stated.

Consequently, this ordinance further states that any tricycle driver who does not comply with the foregoing provisions in charging the correct tricycle fare, or any tricycle driver who will not accept passengers who are paying the correct tricycle fare, or those tricycle drivers who contract with passengers for a different fare rate other the one provided in the provision of this ordinance, shall be penalized (Section 2, City Ordinance 2007-040) ^[2].

Unfortunately, seldom does this law is being followed by the tricycle sector. A verification with CLFO as regard any incidence of violation of this provision said that there were complaints, but did not elaborate nor disclosed any figure or status of the case.

During the investigation done by the researcher, a P14.00 fare for a certain short travel distance which required a P14.00 fare became P20 and sometimes P30. Another example is a 5-kilometer distance which should have been P22 (legal fare) was charged P60-P70 per ride.

Technological advancements: Anticipated technological advancements in relation to the readiness of this sector in the change of the mode of the transportation system where majority (58.98%) of them were not prepared yet like the use of e-trikes. They cited several reasons, and further argued that the local government would not be inclined to impose such for the following reasons; (1) political, (2) work displacement for many residents, and (3) tremendous capital needed.

Environmental issues: All the tricycle-driver operators abide by this law of tailpipe emission test. This is compulsory under the Clean Air Act of 1999, R.A. 8749 ^[3]. Note that two-stroke engines (used by the majority of the tricycle driver-operators in Cabanatuan) typically have a lower fuel efficiency compared with 4-stroke engines, with as much as 15-40% of the fuel air mixture escaping from the engine through the exhaust port. Silencer in muffler is also mandatory for tricycle driver-operators before the renewal of the permit is granted. Majority of them properly maintained their unit to ensure good running condition. However, a minority of them were unaware of the harmful effects of gas emissions from their motor engines.

Another concern as regard the environment is that used lube oil is just stockpiled at the backyard of tricycle driver-operators. Urinating in public places were admitted to be the practice by 60.43% of them.

V. CONCLUSIONS

Profile of tricycle driver-operators: Most of the tricycle driver-operators were males, between ages 35-42 years old, married, and who had 3-4 household members. Most were high school graduates and that tricycle driving was the only means of livelihood. Most had been in this occupation for more than 5 years and almost all of them were affiliated with TODA. Limited job opportunities because of educational attainment and few available industries in Cabanatuan forced them to choose this occupation.

Financial viability of owning a tricycle: Operating a tricycle required a capital outlay of less than P15,000 for the motor downpayment, cost of licensing and registration, and cost of sidecar. With the assumed service income of P144,000 less the expenses for the first year of operation would give an income of P70,550 or measly P193.00 daily equivalent to 5 US dollar if the conversion rate is P45.00 for every US dollar.

Internal environment: Starting this kind of undertaking is easy to organize. Management rests solely on the hands of the owner. Seldom were they covered by insurance or security system to mitigate risks associated with this occupation. Traffic, vices, physical exhaustion and rising cost of motor replacement parts have been their problem.

Market and marketing: Bulk of customers were students and office workers. Cabanatuan City's tricycle driver-operators can freely ply anywhere within the city. Seldom did they follow the tariff rates imposed by the City Government. Entry of

competitors (in the same line), illegal or colorum tricycles and limited number of days to operate hampered their capacity to earn more.

Technical: Almost all the tricycles had 4-stroke engine motor engine. Both the two types of motorcycle presently being used in this industry are not exactly environment-friendly because since they also emit particles harmful to human and the surroundings. Fuel consumption, on the other hand, was between 1.5 and 2 liters commensurate to the number of possible travels made which were found to be 14-20 daily. Sidecar was undersized and risky for passengers. Traffic and dimly-lighted electric posts have remained to be their concern especially as regard the safety of the passengers and the tricycle driver-operators as well.

Financial.: Majority of the units were financed by lending institutions. Term was 3 years at 2.5 to 3% interest per annum via mortgage on the unit. Problems include difficulty of the driver-operators save for monthly amortization of the unit, and there were still other obligations to fulfill.

External environment: All were compliant as to legal aspect of vehicle registration. There were some violations committed like expired registration. Apparent was their utter disregard for collecting fares from passengers, and not wearing the proper dress code, among others.

Social and economic benefits: This sector has helped curb the City's unemployment problems despite very little earnings from this trade even if driver-operators complained of long waiting time, and physical fatigue. On the contrary, this sector has contributed a lot for the need for this kind of service.

Social responsibility/business ethics: Violations as regard collecting fares from passenger were rampant. Fares were often contracted to as much as 200%-300% and above. Seldom do complaints prosper.

Technological advancements: Majority of the operators were not ready yet for a change in the structure and/or configuration of the transport vehicle/system.

Environmental issues: Majority were aware or compliant with the tailpipe emission tests, proper vehicle maintenance and silencer in muffler, but a minority, too were not aware of the toxic gases emitted from motor engines. Other environmental concerns include driver-operator's urination in public places and the disposal of used oil or lube in their backyard.

VI. RECOMMENDATIONS

1. A similar study be conducted so a more accurate picture of the tricycle industry in Cabanatuan can be used as reference for planning and decision-making particularly by the concerned government agencies.
2. For the city government and the local Land Transportation Office to improve their tricycle data system. Substantial and accurate data are important to come up with prudent plans and decisions.
3. For the city government to strictly apply legal measures to minimize if not totally eliminate the opportunities of these tricycle operators from collecting exorbitant fares.
4. For the city government to implement mandatory orientation of tricycle operators as regard the local and national laws.
5. For the city government to initiate or conduct study on the structural safeness of the sidecar's configuration.
6. For the City Traffic Management division to look for alternative ways to ease traffic congestion caused by tricycles.
7. For LTO to conduct periodic checking of tricycle tailpipes both for smoke emission and noise level measurement. They should undertake roadside emission monitoring to ensure tricycle operators adhere to guidelines.
8. For the city government or non-government organization to conduct livelihood programs to that tricycle operators will have options to venture into different livelihood activities in support to their present income.

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