



NATIONAL FEDERATION OF TRANSPORT COOPERATIVE  
N F T C - B K K P P I

# FINANCIAL CHALLENGES AND OPPORTUNITIES FOR PUBLIC TRANSPORT OPERATORS

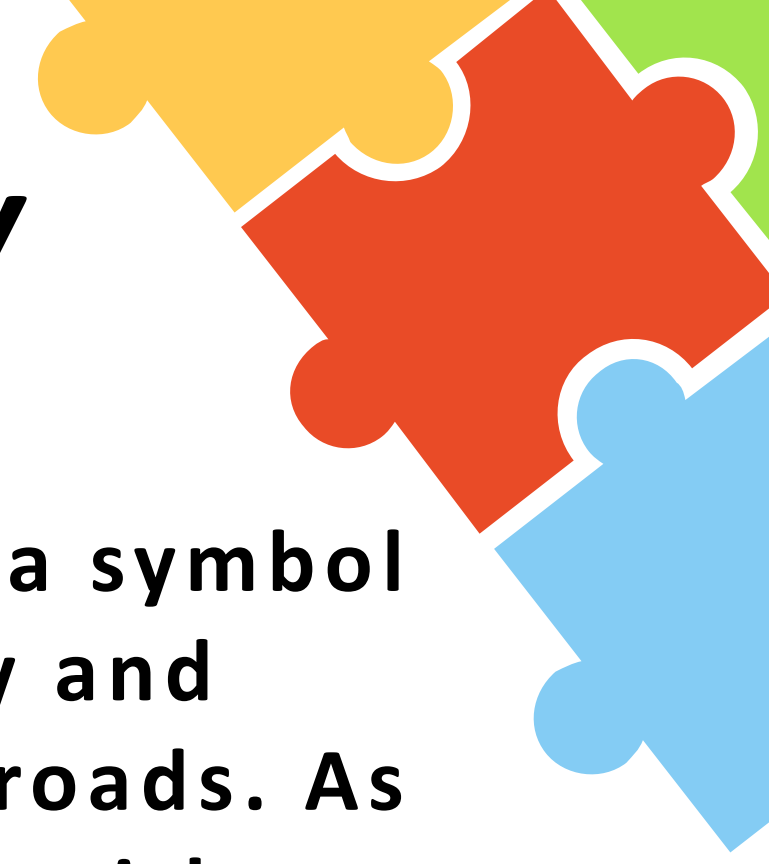
MISAEAL MELINAS  
NATIONAL CHAIRPERSON







# PHILIPPINE JEEPNEY



The Philippine jeepney, a symbol of Filipino ingenuity and resilience, faces a crossroads. As the country struggles with modernization and sustainability goals, the traditional jeepney industry confronts significant financial challenges while also presenting opportunities for transformation.





## Cost Disparity: Traditional vs. Modern Units

*The cost disparity between traditional and modern jeepney units is a significant barrier to modernization.*

***Traditional jeepneys***, often decades old, are cheaper to acquire and maintain. However, their fuel efficiency, safety features, and environmental impact are significantly inferior to modern units.

***Modern jeepneys***, while offering improved performance and reduced emissions, come with a heavy price tag.





**COST DISPARITY:  
Traditional vs. Modern Units**

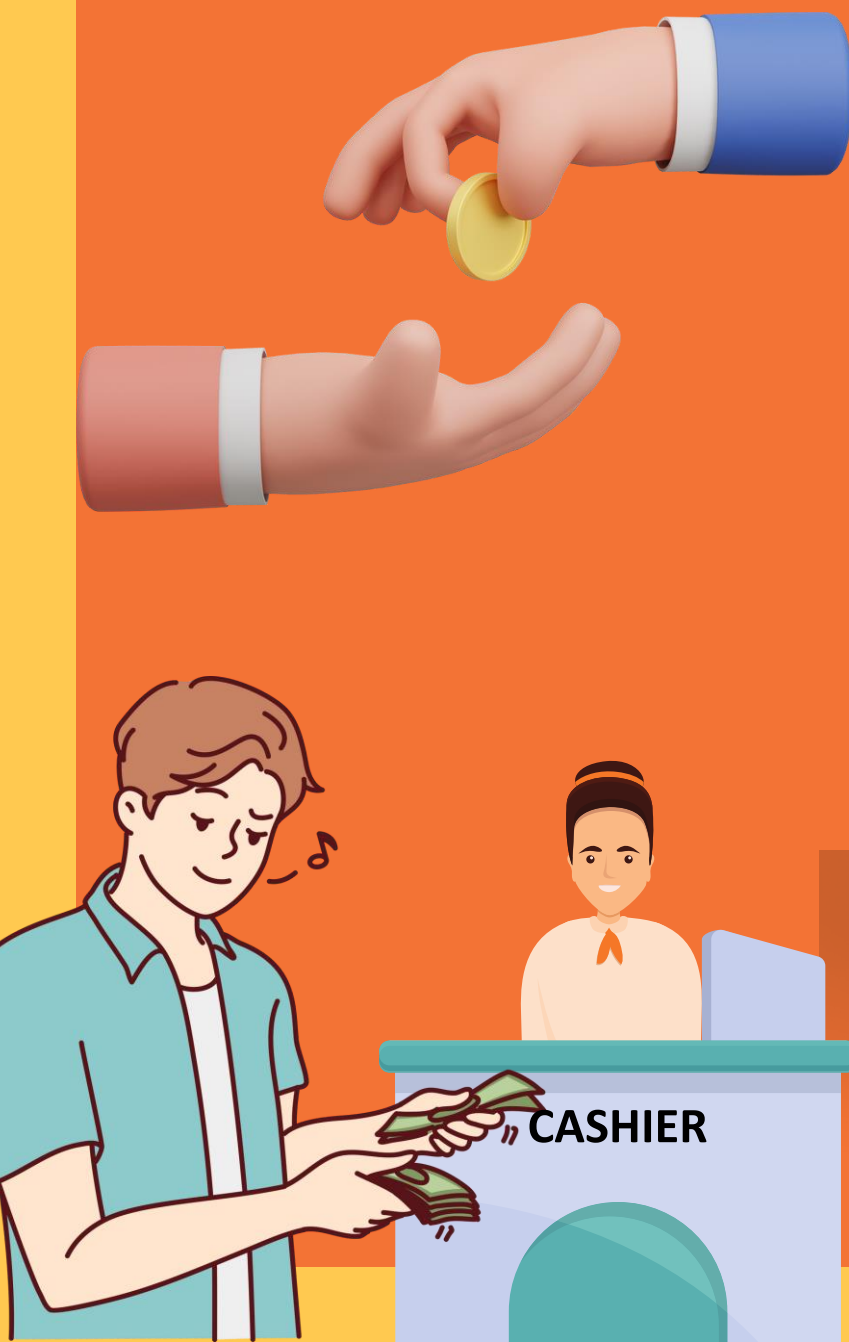
FEATURE	TRADITIONAL JEEPNEY	MODERN JEEPNEY
<i>Aquisition Cost</i>	<i>Php 300,000 - 500,000</i>	<i>Php 1.5M - 2.8M</i>
<i>Fuel Efficiency</i>	<i>5-7km/L</i>	<i>10-15km/L</i>
<i>Maintenance Cost</i>	<i>Lower</i>	<i>Higher</i>
<i>Safety Features</i>	<i>Limited</i>	<i>Advance: with GPS, CCTV camera, etc.</i>
<i>Enivronmental Impact</i>	<i>Higher Emissions</i>	<i>Lower emissions</i>



## Earnings: Boundary System VS Formalized Operations

*The '**boundary**' system, a common practice in the jeepney industry, involves drivers paying a fixed daily amount to the operator for the use of the vehicle. This system, while providing flexibility for drivers, often results in lower earnings for operators compared to formalized operations.*

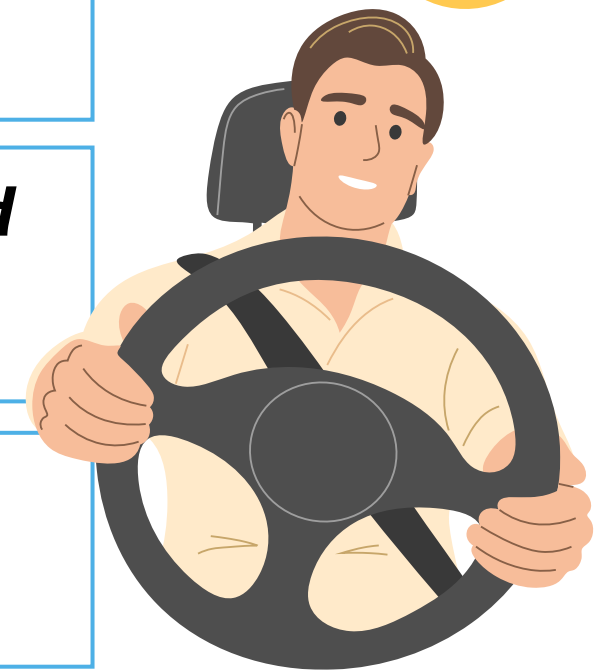
***Formalized operations**, where drivers are employees with fixed salaries and benefits, offer greater control over earnings and allow for better financial planning. However, this system requires higher initial investment and a more structured management approach.*





# EARNINGS COMPARISON ON BOUNDARY SYSTEM VS FORMALIZED OPERATIONS

FEATURE	BOUNDARY SYSTEM	FORMALIZED OPERATIONS
<b><i>Operator's Earnings</i></b>	<b><i>Fixed amount of boundary</i></b>	<b><i>maximize income under fleet management</i></b>
<b><i>Driver's Earnings</i></b>	<b><i>Depends the driver's capacity</i></b>	<b><i>Basic salary, Incentives and bonuses</i></b>
<b><i>Financial Stability</i></b>	<b><i>Less Stable</i></b>	<b><i>More Stable</i></b>
<b><i>Management Complexity</i></b>	<b><i>Lower</i></b>	<b><i>Higher</i></b>





# Support Mechanisms and Limitations

*The government offers various support mechanisms, such as subsidies and financing programs, to encourage modernization. However, these mechanisms often face limitations.*

*The limited funding, involving complicated rules and procedures which can cause long delays, and lack of coordination often hinder the effectiveness of these support mechanisms.*

## SUPPORT MECHANISMS AND LIMITATIONS

MECHANISM	DESCRIPTION	LIMITATIONS
<i>Public Transport Modernization Program (PTMP)</i>	<i>Subsidies and financing for modern jeepney units</i>	<i>Limited funding, complex application process</i>
<i>LTFRB</i>	<i>Franchising and regulation of public transport</i>	<i>Limited enforcement capacity</i>
<i>DOTr</i>	<i>Infrastructure development and policy formulation</i>	<i>Slow implementation</i>







# OPPORTUNITIES FOR TRANSFORMATION

- **E-jeepneys:** Electric jeepneys offer a viable alternative to traditional units, reducing emissions and operating costs.
- **Ride-hailing Integration:** Integrating modernize jeepneys with ride-hailing platforms can enhance accessibility and efficiency.
- **Passenger Information Systems:** Implementing real-time passenger information systems can improve service quality and passenger satisfaction.
- **Financial Literacy and Capacity Building:** Providing financial literacy programs and capacity building initiatives for operators can help them navigate the transition to modern operations.





# CONCLUSION

***The financial challenges and opportunities facing the jeepney industry require a collaborative approach. The government, operators, and drivers must work together to address the cost disparity, promote formalized operations, and strengthen support mechanisms. By embracing modernization and innovation, the jeepney industry can not only overcome its financial challenges but also contribute to a more sustainable and efficient public transport system in the Philippines.***



Thank  
You!



## NATIONAL FEDERATION OF TRANSPORT COOPERATIVE

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