



Cluster3/Module 2 (C3/M2): Role of Government in Urban Transport.

This presentation is one of the support materials prepared for the capacity building program *Building Leaders in Urban Transport Planning (LUTP)*.

Support for LUTP was provided by:

- The World Bank,
- Australian Agency for International Development Aid,
- The Energy Sector Management Assistance Program (ESMAP), and
- Public-Private Infrastructure Advisory Facility (PPIAF) .



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Objectives

- **Understand why government must be involved in management and regulation of urban transport**
- **Identify the functions it needs to perform**
- **Become aware of variations around the world in the responsibilities taken by governments**

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The objectives of this module are to help you:

- Understand why government must be involved in management and regulation of urban transport
- Identify the functions that it needs to perform
- Become aware of the of the variations that exist around the world in the extent of responsibility that government takes in providing urban transport facilities and services



Opening Exercise Government Responsibilities



- **Governments vary in their involvement in urban transportation. However, many people believe that some decisions should only be made by the government.**
 - **What are examples of three decisions that you think only the government should make?**
- **Some governments use the private sector to help implement their decisions.**
 - **Should the government use the private sector to implement your examples?**
 - **If so, how could this be done?**

Our opening exercise is designed to get you to start thinking about the responsibilities in urban transport that governments should take.

Governments vary in their involvement in urban transportation. However, many people believe that some decisions should only be made by the government. What are examples of three decisions that you think only the government should make?

Some governments use the private sector to help implement their decisions. Should the government use the private sector to implement your examples? If so, how could this be done?

Take about 5 minutes to do this exercise.

- **What would happen if anyone just got into a car and started driving it on the roads – regardless of whether he or she had learned how to drive?**
- **What would happen if anyone could drive at any speed and on any side of the road?**
- **Is there a need for “road usage” rules? What would happen at intersections if there were no traffic lights or traffic policemen?**
- **Is there a need for enforcement – to ensure that the rules of the game are adhered to?**

In previous modules, we were exposed to the growing problems being faced around the world with regard to urban transport. We also learned how urban transport is far more complex than inter-city transport. We also saw a conceptual framework for dealing with urban transport in a comprehensive and systematic manner.

Now we will learn more about the role of the government, why it is needed, how it is institutionally organized to discharge its responsibilities and what policy issues it is faced with. In this module, we will specifically look at what the role of the government is and why it is needed.

Think of a situation where anybody could get into a vehicle and drive on the road in whatever direction, whichever lane, and whatever speed he or she wanted to. What do you think would happen in this situation?

Could we have people driving in opposite directions on the same lane? We could have small children, not knowing how to drive, getting into a car and to taking the wheel. Could we have some people driving very fast and dangerously, while others could be more cautious and slow? How would they decide who negotiates an intersection first?

Would all of this be safe?

Thus a Regulatory Role:

- Driver licensing
- Vehicle registration
- Traffic rules and management
- Setting standards
- Enforcement



All of this seems to indicate that there must be some rules for use of the road space and some rules that govern who is allowed to drive and who is not. There is also a need for due enforcement of these rules, as otherwise they will remain mere words. This seems to indicate a regulatory role for the government. Accordingly, in most countries, government agencies are responsible for:

1. Testing and licensing of drivers, with laws that prohibit a person from driving without a license
2. Inspection and registration of vehicles, to certify that the vehicle is fit to be used on the road, and with laws that prohibit a vehicle from being used unless registered
3. Setting standards (for example, maximum driving speeds, emissions, fuel quality, fuel efficiency, etc.)
4. Enforcing these standards by detecting and prosecuting violators

Usually, there are enactments that lay down traffic rules and there are enforcement agencies that ensure that these rules are not violated. Penalties have been provided for such violations, and could range from a mere suspension of the driving license for a few days to more severe punishments, including imprisonment.

Yet Other Needs...

- **Would any private person invest in a road for everyone to use?**
- **What if everyone only built roads for their use alone?**
- **Would anyone put up traffic lights at intersections?**
- **Will anyone build footpaths?**
- **Will any private investor build parking lots for everyone to use, especially in areas with low demand?**

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All cities need roads, bridges, footpaths, and other such infrastructure. But who should build and maintain them? Would private investors be willing to build such roads unless there is a financial benefit to them? They may build a driveway that leads to their house, but would they build roads to connect residential areas to offices, shopping complexes, or hospitals? In particular, would they do so in low-density areas? What benefit will they see in this?

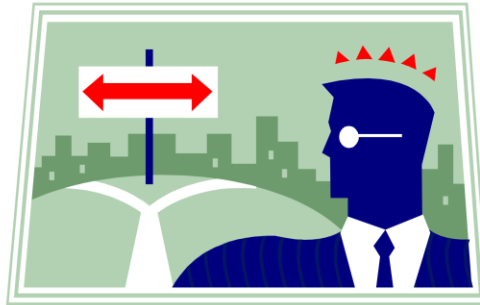
Similarly, who would set up traffic lights at intersection? Would anyone be willing to build footpaths? Would anyone be willing to build parking lots for everyone to use, especially in areas with low demand?

Clearly, all these are essential requirements in a city, but no one individual gains commercially from such an investment. They are required for “public good”, but may not serve a commercial interest. Even if a private investor is allowed to recover tolls from the users of such roads, it is generally difficult to collect tolls on city roads. Besides, in low-density areas, the tolls will not give adequate return on the investment.



Thus an Infrastructure Provision Role

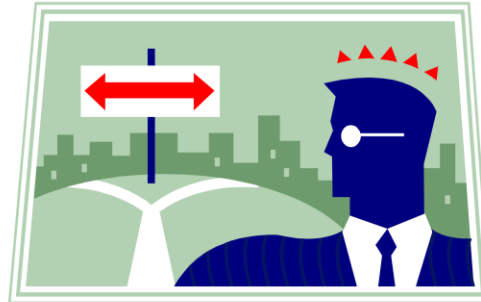
- Construction of roads, bridges, parking complexes, etc
- Maintenance of the infrastructure



Therefore, it is again necessary for government to take up this responsibility and provide the required infrastructure - especially the construction and maintenance of roads, bridges and such like facilities.

Further Needs

- **What would happen if only private operators ran public transport with no intervention by government?**
- **What would happen if they had the freedom to decide routes and fares entirely on their own?**



Let's look at yet another public transport situation. What if only private operators ran public transport services, with no intervention by the government? What would happen if they had the freedom to decide the routes and fares entirely on their own?

Would everyone not want to operate services only on routes that have high demand? Would anyone run a bus to connect low-demand areas?

We run the risk of an abundance of service in high-demand areas, but no service in low-demand areas. Similarly, there would be abundance of service during peak times of the day, but no service during late-night hours or early-morning hours. Yet, there are low demand areas where people reside and need public transport. Similarly, people also need public transport service at late-night and early-morning hours.

If such unregulated services are allowed, we would see strong competition in high-demand areas, which often leads to dangerous driving practices to attract passengers. Operators would also try to compete on fares to attract passengers. However, they would do this by compromising on the quality of crew by hiring untrained drivers at low wages. They could also compromise on maintenance and thereby operate unsafe vehicles.

Now let's look at what would happen if multiple operators were all required to use their own bus stops. Wouldn't there be complete confusion? The city would be littered with bus stops and passengers would not know which bus stops is where.

Further, if private operators were free to decide their fares, it is possible that they would take advantage of specific situations to charge unreasonable fares. Imagine a person stranded on the road late in the evening. The only bus that may be available would charge a ridiculously high

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price, taking advantage of the helplessness of such a person. Is that what we want? Is this desirable?



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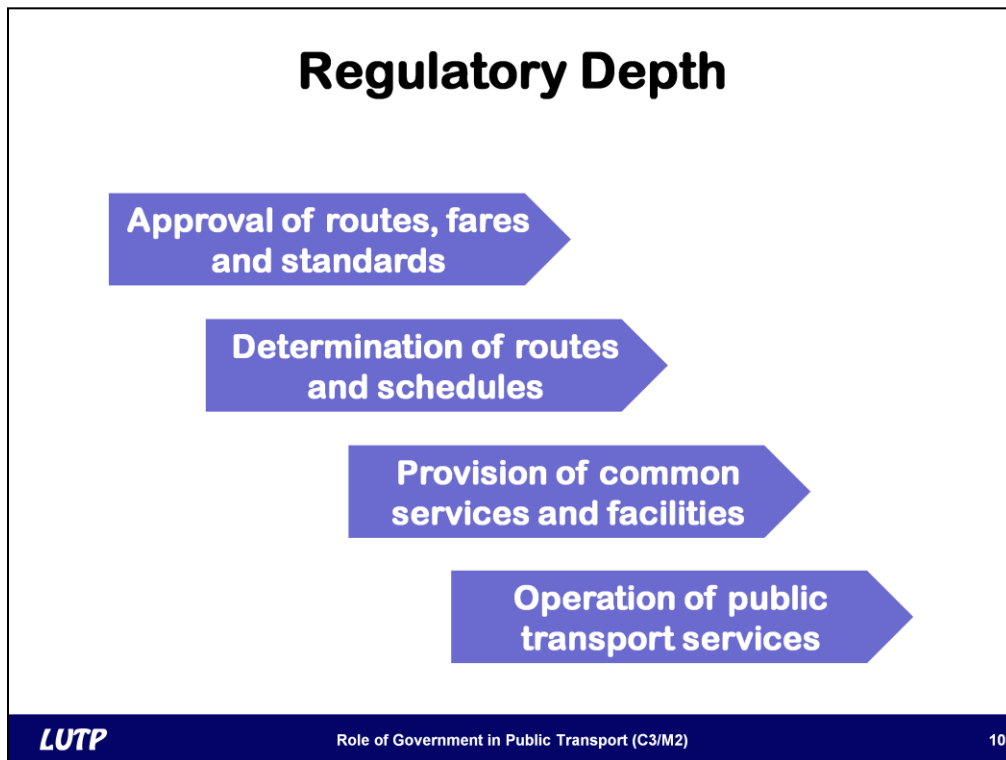
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A Public Transport Planning Role

- **Decide network and routes**
- **Decide schedules and volume of service**
- **Decide quality of service**
- **Coordination of services**
- **Provision of facilities that would be common to all operators – natural monopoly services**
- **Setting fares**

Clearly, therefore, the government has a role in deciding the public transport network and the routes. Government also has an important responsibility in setting fares, so that they are affordable and uniform. Similarly, government has a responsibility for providing facilities that would be common to all operators. It is best if a public agency set up these bus stops and all operators are allowed to use them. Similarly, there is a case for a public agency to provide for bus terminals and depots, so that private operators have a place to park their buses at night and not clutter the city with buses parked all over the place.

In cities with good public transport systems, government also plays a role in the coordination of services between different operators and between different modes, such as metro rail and bus systems. They also prescribe the quality of service, the schedules, and the volume of service that needs to be offered on each route.



Thus, there are different levels of regulatory effort by the government with regard to public transport as follows:

1. At one level, regulation could merely be the approval of routes, specification of fares and establishment of standards for safety.
2. At a somewhat deeper level, it could go into a more active determination of routes, schedules and quality of service issues.
3. At a deeper level, it could go into the provision of common services like bus stops and terminals.
4. Finally, at an even deeper level, it could undertake the actual operation of public transport services.

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Strategic Functions

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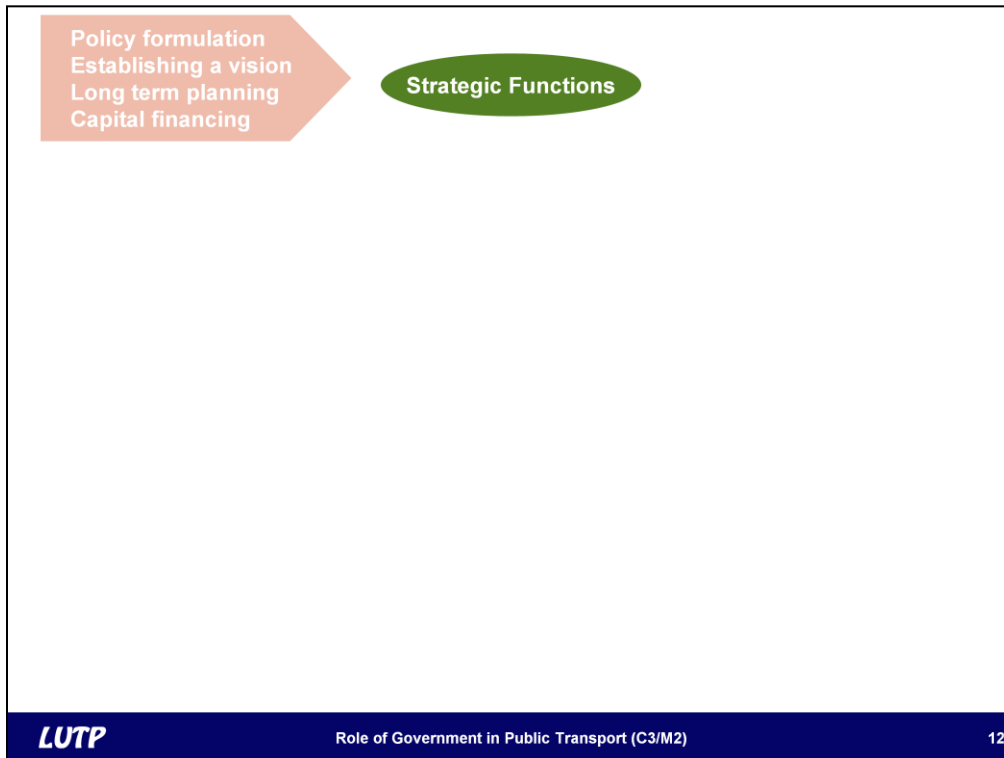
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Let's look at these in another way. If we think about the kinds of functions that need to be performed in managing and ensuring good urban mobility, we could think of the functions at three levels.

At the highest level are strategic functions.

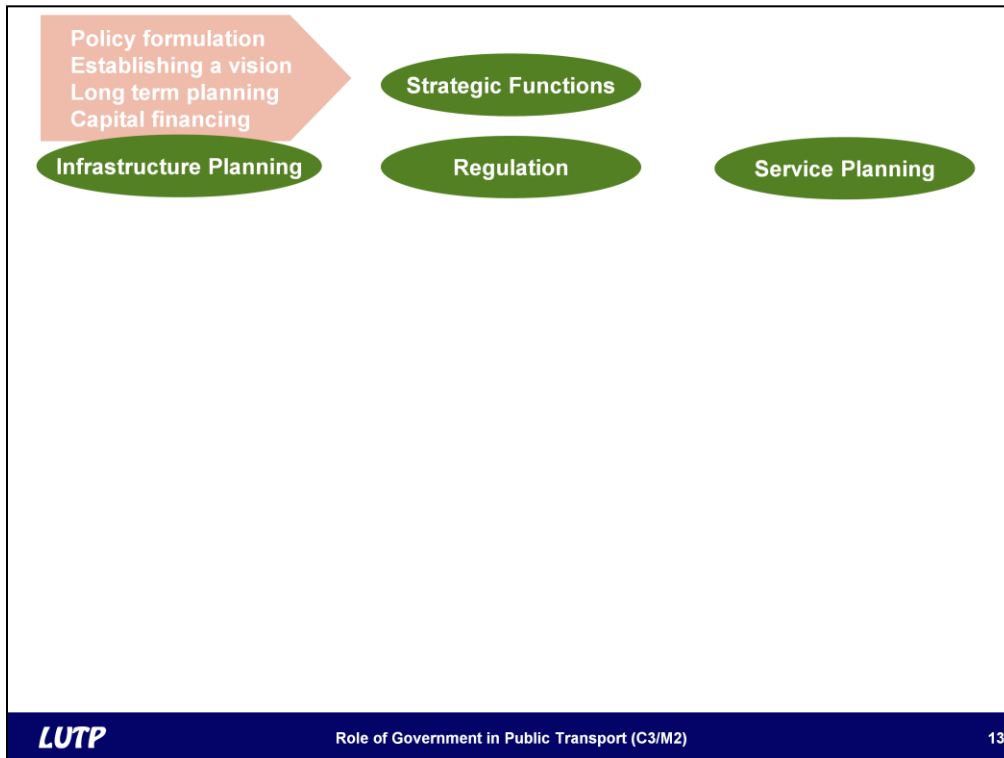




Strategic functions are those that involve policy formulation, establishment of a long-term vision, and long-term planning. What kind of city do we want – a compact one with severe space constraints, but one that relies largely on public transport and non-motorized modes of travel? Or one that is sprawling and everyone has plenty of space to live and work in, but one that needs significant personal and motorized modes of travel?

Often, decisions with regard to capital financing are also part of such strategic functions. Where would the funds for large and expensive projects come from? Would it from the private sector or from the public budget? If the public sector, then will it come from the national government, the provincial government or the city government? Will it be raised by way of loans or will it come from grants? Will it be paid out of dedicated taxes or general taxes? These are all important strategic questions that need to be addressed.

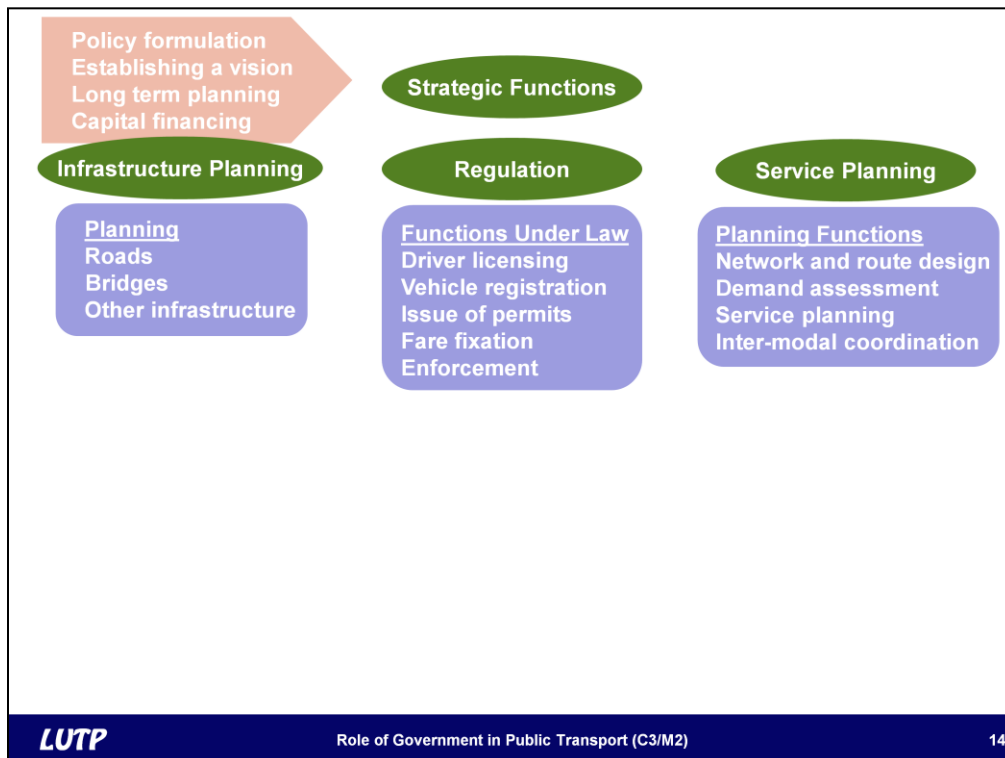
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At the second level, there are three kinds of functions – Infrastructure planning functions, regulatory functions and public transport service planning functions.



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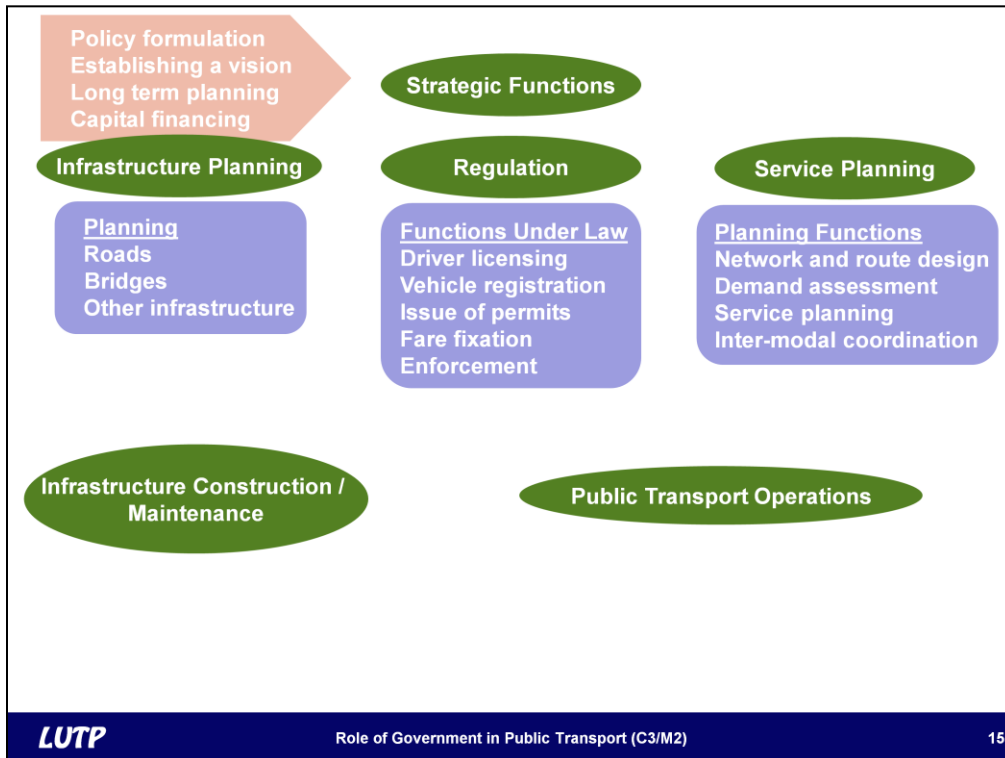
Infrastructure planning functions relate to planning of roads, bridges, intersections, parking, large public transport systems. Etc.

As we have seen, regulatory functions involve those primarily relating to safety and the establishment of fares. These include the licensing of drivers, registration of vehicles, issue of route permits, fixation of fares, and enforcement.

Again, as the name suggests, service planning relates to the public transport network and route design, planning of schedules and volume of service, inter-modal coordination, demand assessment, and related issues.



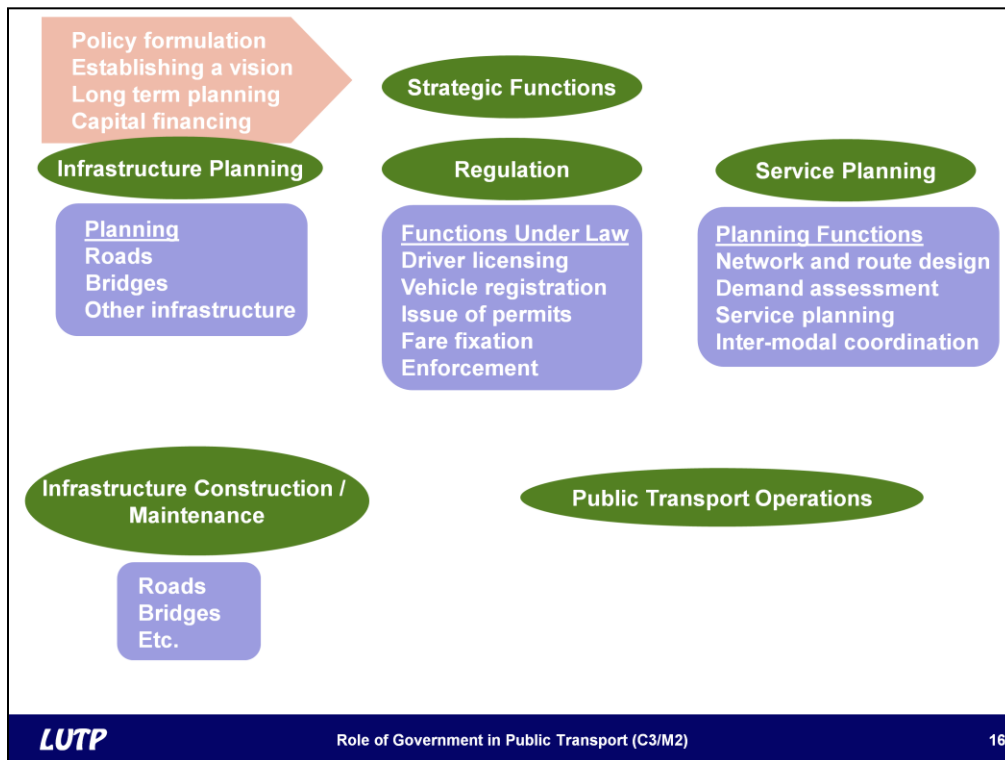
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Finally, at the third level are functions relating to infrastructure construction as well as public transport operations.



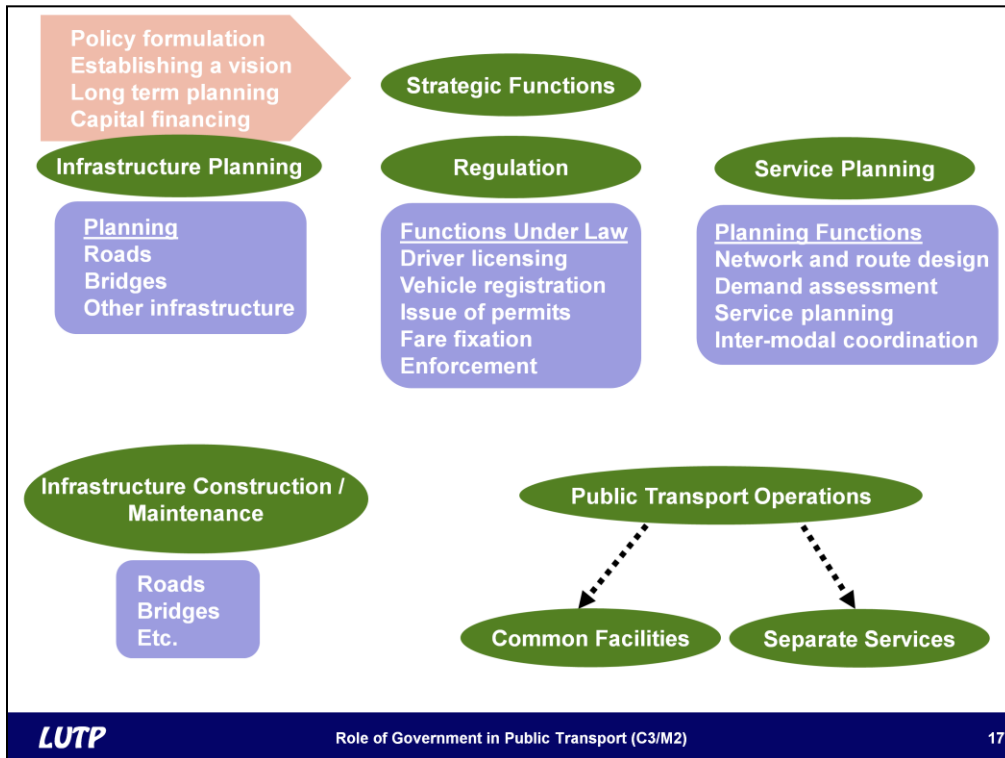
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Infrastructure construction / maintenance relates to the actual construction and maintenance of fixed infrastructure like roads and bridges.

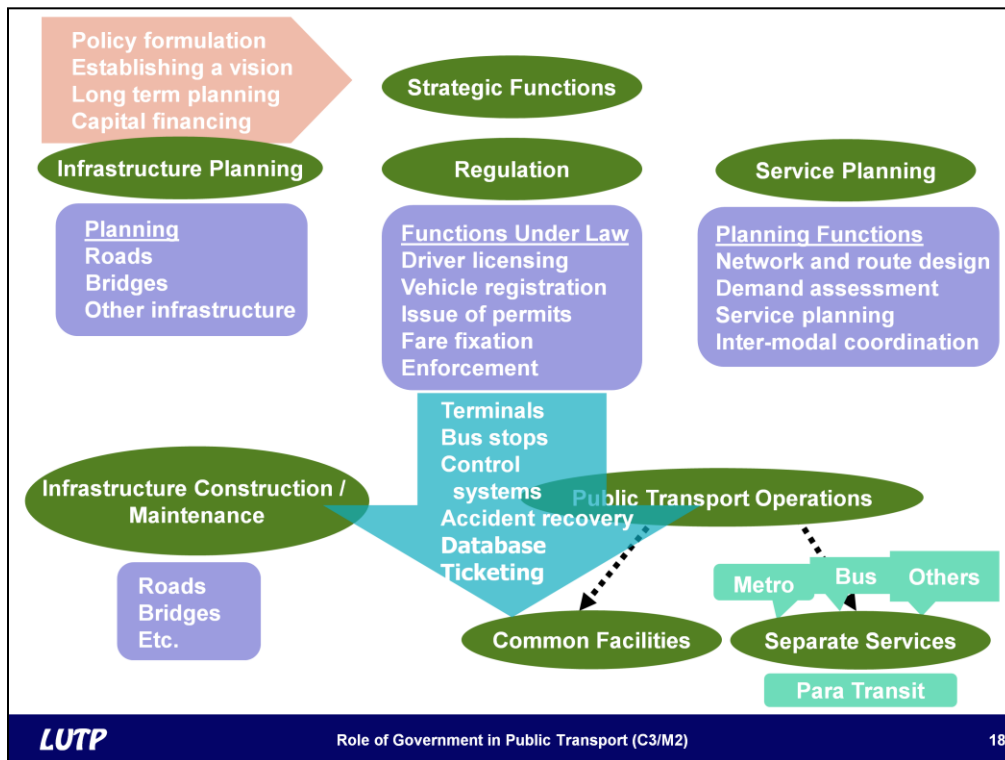
Parking complexes, especially in low density areas, the provision of footpaths and safe intersections, large public transport facilities, etc., are all part of this function.





Public transport operations can be divided into:

1. The operation of common facilities, and
2. The operation of independent services.

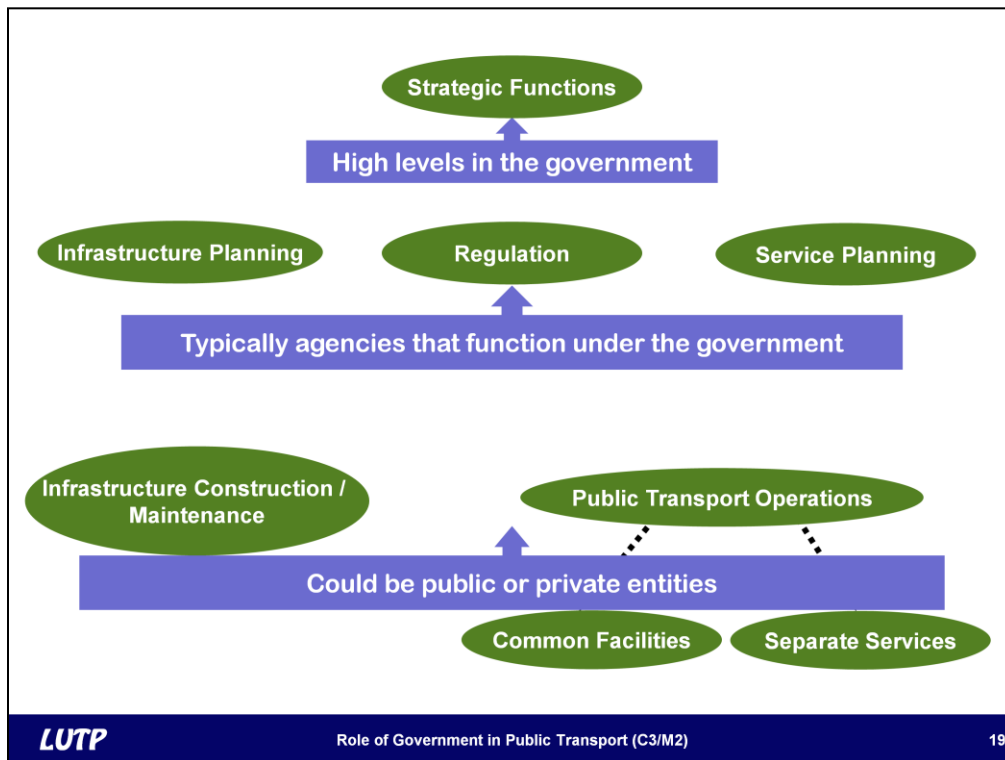


Common facilities are typically required by a multitude of public transport operators. They could be in the form of depots, terminals, parking facilities, passenger information systems, ticketing systems, data management systems, or dispute resolution systems. These are typically facilities that no single operator would be willing to provide, but are facilities that serve a public good.

Some of these services would be confusing if each operator provided them. Also, it would be more economical for a single provider to render these services for all operators to use. We have already seen the example of bus stops being provided as a common facility. In the same manner, if each operator provided an operating schedule (or time table), it would be very confusing to any passenger. Passengers need to know how to get from one place to another. They would not want to look at multiple time tables to ascertain this.

With regard to independent services, these could be metro rail systems, bus systems, taxi systems, separate operators, etc. These are commercial operations functions.

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Strategic functions are generally performed at a high level in the government. The regulatory and construction functions are generally performed by specific agencies of the government, such as the transport department or the public works department.

Infrastructure construction and maintenance could be by government entity, or, more often, by private construction companies.

There is considerable variation with the remaining functions. In some cities, public transport services are entirely owned and operated by the government. In other cases, the government restricts itself to the service planning function and contracts services based on its plans. In such cases, the government also usually manages the common facilities and services. In the third variation, the government merely authorizes routes and prescribes fares, but does not undertake a detailed service planning function. This is left to individual operators.

We will see more about this in subsequent modules.

Summary



There are important roles that Government needs to perform in the regulation and management of urban transport

Thus, what we see in this module are important roles that government needs to play in the regulation, management, and provision of urban transport facilities and services.

In the next module, we will see how it is institutionally organized to perform these responsibilities.