



C3 - Governance

M3 | Institutional Arrangements for Urban Transport



1

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 DevelopmentAid,
- The Energy Sector Management Assistance Program (ESMAP), and
- Public-Private Infrastructure Advisory Facility (PPIAF) .

Key Objective

- To present examples of best practices in institutional arrangements and highlight the variations that exist
- To present some of the key questions that arise when setting up new institutions
- To demonstrate that each situation is different and that it is important to keep the local context in mind



In this module, we will look at a few examples of how government has organized itself to discharge these responsibilities. We will look at what institutions have been set up and what functions they perform. We will also look at how they are financed.

Opening Exercise Responsibilities in Your City



Function	Performed by
Strategic planning	
Issuance of driver licenses and vehicle registration	
Setting public transport fares	
Construction and maintenance of roads and bridges	
Planning of public transport services, such as routes, schedules and operating hours	
Construction and management of bus terminals and bus stops	
Operation of urban rail services	
Operation of bus services	

Our opening exercise is designed to get you to start thinking about the functions that government performs in urban transport. There are many variations in how governments have been organized to discharge these responsibilities

The tables shows functions that sometimes are government responsibilities. Please fill in the table and indicate who undertakes the functions in your city.

Take about 5 minutes to do this exercise.

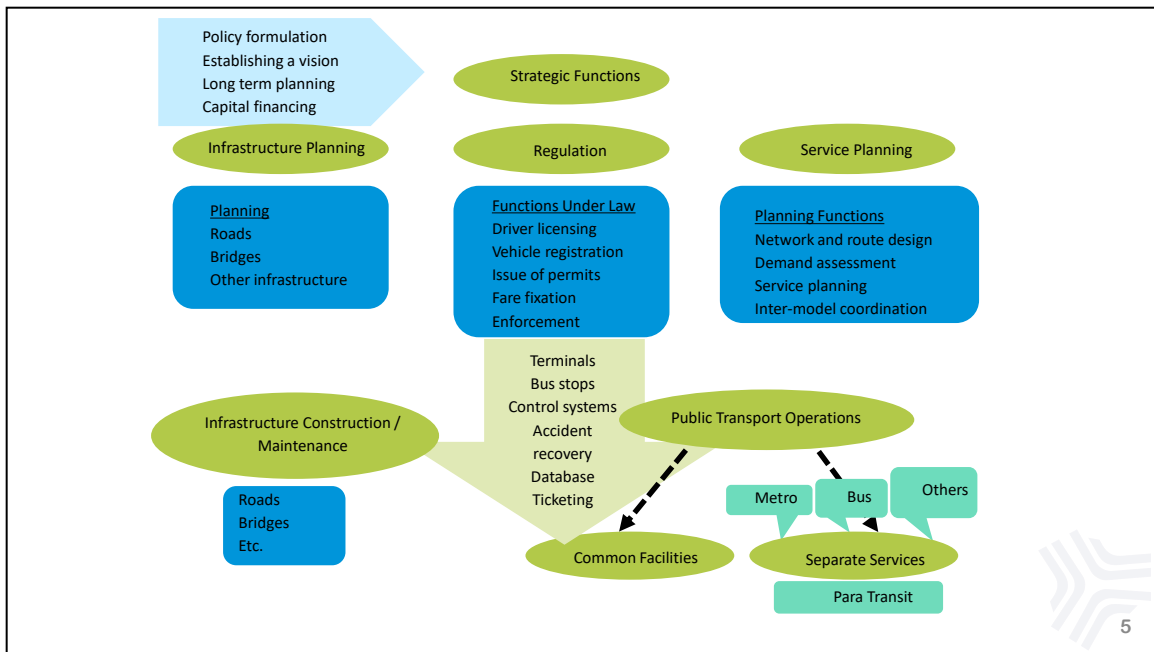
Current Problems

- Urban transport management is highly fragmented - too many institutions are involved
- There is little or no coordination between these institutions
- Focus of public transport governance, in developing countries has been on inter-city transport
- Inter-city transport is very different from urban transport
- Therefore, need institutions dedicated to urban transport



In this context, it is important to note that the management of urban (city) transport is highly fragmented in most cities around the world. Too many institutions are involved in dealing with different aspects of urban transport. There is very little coordination among them.

Further, in some countries, the focus of public transport governance has often been on inter-city transport, which is very different from urban transport. Therefore, it is essential to have institutions that are dedicated to urban transport



First, to recapitulate, we saw that the functions that need to be performed can be divided into three levels with strategic functions at the first level, infrastructure planning, regulatory, and service planning functions at the second level, and infrastructure construction/ maintenance and public transport operations at the third level.

Examples



We will now look at four specific examples of how governments have organized themselves to manage and regulate urban transport: Paris, London, Vancouver, and Singapore.

Paris

- Public transport is managed and financed by the "Syndicat des Transports d'Île de France" (STIF)
 - Public body that brings together the regional governments, and the governments of the constituent counties of the region
 - Sets general conditions for operation and fares
 - Sets the level of service with transport companies
 - Coordinates the modernization of the regional public transport system
 - Co-finances the modernization or creation of facilities necessary for the improvement of the quality of service



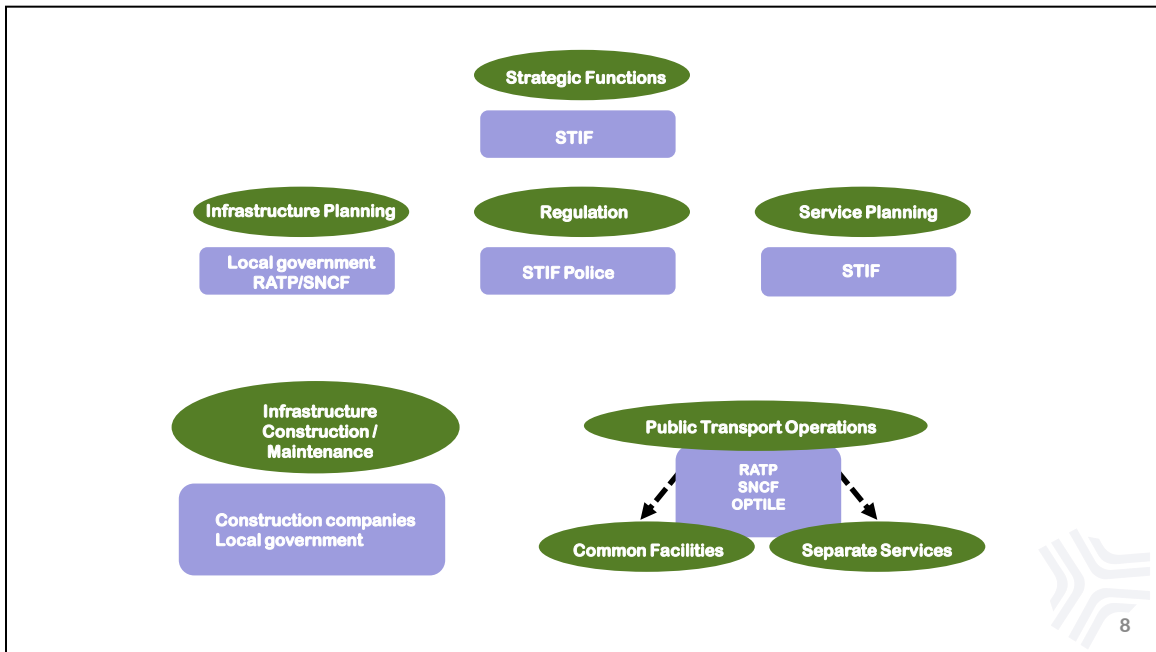
In Paris, public transport is managed and financed by an agency known as “Syndicat des Transports d’Île de France” (STIF). STIF is a public body, with representation from the regional, and local governments. It is responsible for providing a well-coordinated public transport system in the region. It sets up the conditions for operation and the level of service that is required. This means that STIF decides on the routes, schedules, hours of operation, and related issues for public transport in the region. STIF also fixes the fares.

STIF coordinates the modernization of the regional public transport system and co-finances such modernization out of funds dedicated to it. These funds largely come from an employment tax. This is a special tax under which each employer in the region contributes a percentage of the wage bill towards public transport. We will learn more about in a subsequent module.

STIF does not have a role in regulating the safety issues relating to transport, such as the issues of driving licenses and registration of vehicles, or enforcing traffic laws. It also does not have a role in the construction and maintenance of roads and bridges. Instead, it is primarily concerned with public transport.

Within central Paris, the operation of public transport services, both rail and bus, is handled mainly by a company known as RATP, a publicly owned company. Despite being a publicly owned company, RATP operates services under a contract with STIF, which determines the kind and level of service desired.

Regional services, known as RER, are operated by RATP and SNCF (the national railroad company), each being in charge of some of the lines. Finally, some fringe area bus services are operated by a private company known as OPTILE.



If we look at the different functions, and the agencies that perform them, we notice that STIF has an important role in the strategic functions as well as the service planning functions. STIF and the local police carry out different aspects of regulatory functions. STIF establishes the fares, but the police carry out the remaining functions of driver licensing and so forth.

Infrastructure planning is the responsibility of the local government and not that of STIF. However, the actual construction of infrastructure is contracted out to private construction firms. Planning for public transport infrastructure rests with STIF.

The construction and maintenance of infrastructure are the responsibilities of the local government, and not that of STIF. Public transport operations are primarily carried out by RATP, SNCF and OPTILE, under contract from STIF.

London

- Transport for London (TfL) - a statutory body created by the Greater London Authority Act (GLA) 1999
 - Gives the Mayor of London a general duty to develop and implement policies to promote and encourage safe, integrated, efficient and economic transport facilities
 - Under the direct control of the Mayor
 - Commissioner of Transport heads its operations
 - Responsible for London's buses, the London Underground, Docklands Light Railway and the management of Croydon Tramlink and London River Services
 - Also runs the Victoria Coach Station (a bus terminal)



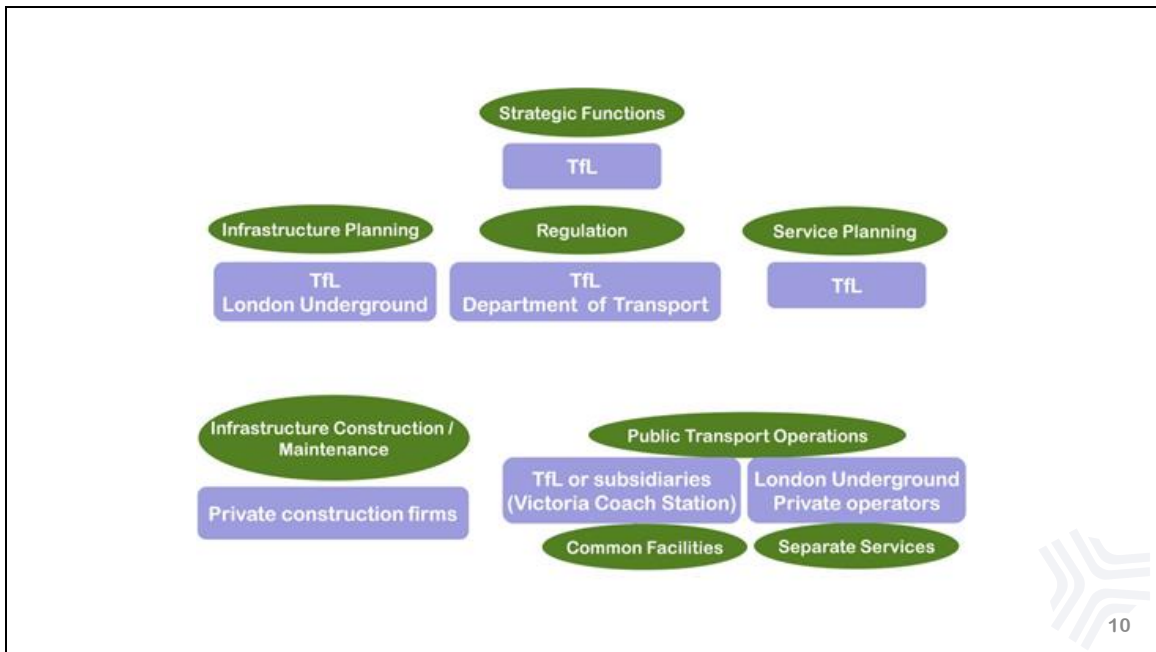
Let us now look at London.

In London, Transport for London (TfL) is the main public agency responsible for transport. TfL was established as a statutory body under the Greater London Authority Act, 1999, and takes the lead role in planning and maintaining the transport system. It is under the direct control of the mayor. TfL is responsible for the buses, metro system, and all other public transport services. It also runs an important terminal, the Victoria Coach Station.

The independent services of the metro and the coach station are run by subsidiary companies of TfL. TfL lays down the service standards and prescribes the fares.

With regard to bus services, again TfL specifies the routes, fares and service standards, but contracts services from private operators.

Similar to STIF in Paris, TfL does not perform the functions of driver licensing and vehicle registration. These functions are performed by the national department of transport through its field agencies. However, unlike STIF's role in Paris, TfL is responsible for the roads and bridges in the city.



TfL is responsible, either directly or through its subsidiaries, for all functions except the actual operation of buses and those relating to driver licensing and vehicle registration.

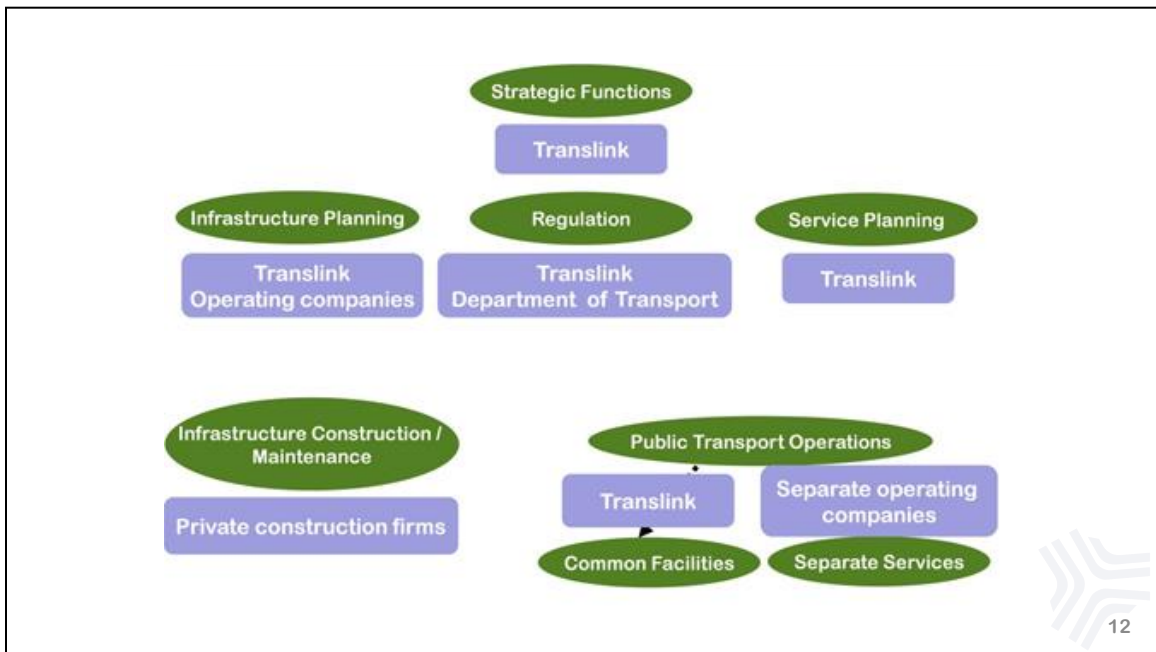
Planning for the infrastructure relating to the metro system is done by London Underground Limited, a subsidiary of TfL.

Infrastructure construction and maintenance is contracted out to private companies. In fact, even the maintenance of the infrastructure for the London Metro system, known as the London Underground is contracted to private companies.

- TransLink is the regional transportation authority, created in 1999
 - Responsible for regional transit, cycling, and commuting options
 - Responsible for the planning, financing, and managing of all public transit in addition to major regional roads and bridges
 - Plans and manages the region's transportation system as a strategic whole
 - Delivers services through contractors as well as subsidiaries like Coast Mountain Bus Company, British Columbia Rapid Transit Company Ltd. (Sky Train) and West Coast Express Ltd.



In Vancouver, there is a regional transport authority, known as “TransLink”. TransLink was created in 1999, under the Greater Vancouver Transport Act. It was designed to take responsibility for the entire regional transit system. TransLink is responsible for the planning, financing, and management of all public transport, in addition to major regional roads and bridges. It plans and manages the regional transportation system as a strategic whole. TransLink delivers the services through contractors and subsidiaries. However, Translink determines the routes, schedules, fares and hours of operation.



Similar to London's TfL, TransLink has a predominant responsibility in urban transport in Vancouver, either directly or through its subsidiaries. Again, the Provincial Department of Transport is responsible for safety-related regulatory functions. Subsidiaries under TransLink operate the individual transport service, but TransLink provides common facilities.

Construction activities are contracted out.

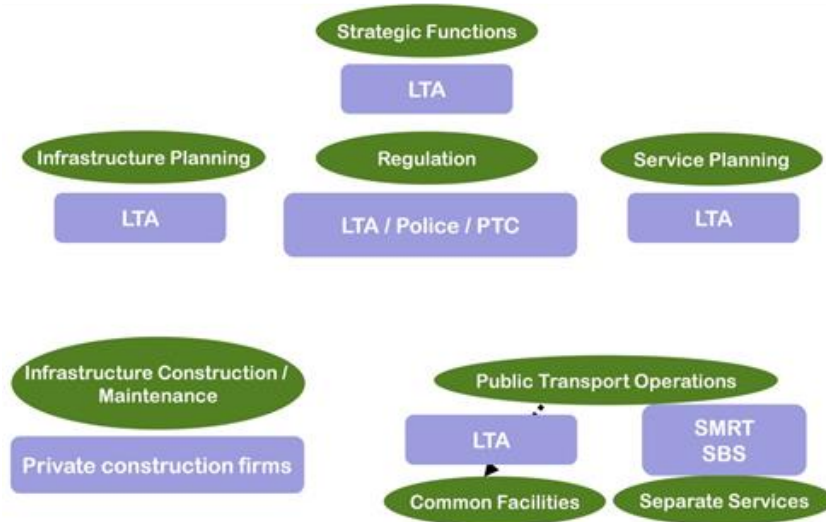
Singapore

- Land Transport Authority (LTA), a statutory board, set up in Sept 1995, spearheads land transport developments
 - Established through the merger of four public sector entities:
 - The registry of vehicles
 - The Mass Rapid Transit Corporation
 - The Roads & Transportation Division of the Public Works Department
 - Land Transport Division of the Ministry of Communications
 - LTA plans long-term transport needs of Singapore
 - LTA develops and implements policies that encourage commuters to choose the most appropriate transportation mode



In Singapore, the key agency for transport is the Land Transport Authority, otherwise known as the LTA. This is a statutory body created in 1995. LTA plans the long-term transport needs of Singapore. It also develops and implements policies that encourage commuters to choose the most appropriate transportation modes.

LTA is also responsible for the road network. Police perform the functions of driver licensing and vehicle registration. Public transport operations are by two private companies, SMRT and SBS, which are contracted by LTA. However, LTA prescribes the operating parameters, and fares are determined by yet another body, the Public Transport Council (PTC).



LTA is responsible for all activities except the actual operation of public transport, the fixation of fares (by PTC) and the functions of driver licensing and vehicle registration, (by the police).

Construction of infrastructure is contracted out.

Thus:

- Several similarities but some interesting variations
- Lead institution responsible for strategic planning and service planning in all cases
- Lead agency also responsible for determination of fares in all cases except Singapore
- In Paris, STIF is not responsible for roads and bridges
- Variation in who undertakes most of the operations:
 - Public agencies (Paris)
 - Subsidiaries (Vancouver)
 - Mix of subsidiaries and private operators (London), and
- All private operators (Singapore) • Driver licensing, vehicle registration, and enforcement of traffic laws is not lead agency's responsibility in any of the cases



15

Thus, we see several common features and yet some interesting variations in how urban transport is managed and regulated in these cities. All of them have a lead agency responsible for transport in the city.

- In Paris, STIF is primarily responsible for the public transport system, whereas in the other three examples, the lead agencies have a wider responsibility covering the roads and such infrastructure as well.
- In Paris, public transport operations are contracted to a publicly owned company, whereas in the other cities, it is contracted to subsidiaries or to private operators.
- Vancouver contracts with subsidiaries, whereas in London metro services are with a subsidiary but bus services are contracted with private operators.
- In Singapore, all operations are contracted to private operators.

In all the cases the lead agency does not perform the regulatory functions of driver licensing and vehicle registration or enforcement of traffic laws. However, the lead agency does prescribe the public transport fares in all cases except Singapore.

**Good coordination results if there
are fewer institutions**

**Multiple institutions means
Fragmentation**

but...

**Fewer institutions can mean
lack of competition**



The organization of the governments in each city is largely governed by how the different approaches were developed. Thus, it may be difficult to replicate any structure in another city. Therefore, considering the organization of the city government is essential when developing an approach to maintaining and regulating urban transport.

Coordination is better when there are fewer institutions. Multiple institutions result in fragmentation. However, when only a few agencies run a public transport system, competition may be inadequate and service quality may suffer.

Key is to "Manage Competition"

Coordinated Planning

but

Competition in Delivery



The key is to manage competition through coordination in planning, but competition in the delivery of services.

Key Questions in Setting Up a New Institution

- What functions should the institution perform?
 - Should it be related to public transport only or all aspects of city transport?
 - Should it be for the city alone or the entire region?
 - Should public transport operations be by a public entity or contracted out?
- What powers and legal authority should it have?
 - Should it have its own governing legislation, or be set up under a general legislation regulating all commercial entities?
 - What kind of powers should it have to enforce its decisions?



18

In establishing new institutions, some of the important questions that arise are the specific functions that such an institution should perform. Should its functions be related only to public transport or should they cover all aspects of city transport? Should they cover only the city boundary or a regional jurisdiction? Should public transport be operated by a public entity or contracted out to private operators?

How such an institution should be set up and under what authority? There are cases, such as London, Vancouver and Singapore, where the institution has been established under its own governing legislation. It is also possible to set the institution up under an existing legislation, which may be a general law for setting up and regulating the functioning of any commercial entity. In such a case it would difficult to give the institution any special powers that might be needed for discharging its responsibilities.

It may also be possible to set up the institution through an executive order. In such a case, there would be limitations with regard to the extent of powers that can be given to such a body.

The above would tend to suggest that an institution that has its own governing legislation would be preferable. However, enacting a dedicated law can be both complex and time- consuming. Therefore, some cities take the option of using a general law to set up such institutions or even use the simplest method of setting them up under executive orders.

Again, the choice has to depend on the specific situation that prevails in any city.

Key Questions (continued)

- How should it be financed?
 - Government grants
 - Own resources
 - Dedicated taxes



There is also a question as to how such an institution should be financed. Should it:

1. Be financed from government grants alone?
2. Be independent of government and be allowed to raise its own resources?
3. Have certain dedicated taxes that are assigned to this entity?

TfL, TransLink and LTA receive government funds, while STIF receives the collections from a dedicated tax.

There are possible revenues from property, advertising and other services that also flow to these entities.

Key Questions (continued)

- How should it be financed?
 - Government grants
 - Own resources
 - Dedicated taxes
- How should it get its manpower?
 - On secondment (temporary transfer) from government agencies
 - From the market by new recruitment



How should the institution acquire its manpower, and on what terms? Should they be on secondment (temporary transfer) from the government, or should they be recruited directly from the market? Would they be contractual employees, or would they have a life-long service assurance? Would their salaries be similar to government salaries or would they be different?

Key Questions (continued)

- How should it be financed?
 - Government grants
 - Own resources
 - Dedicated taxes
- How should it get its manpower?
 - On secondment (temporary transfer) from government agencies
 - From the market by new recruitment
- What should be its functional style?
 - Lean and professional with significant reliance on outsourcing, or
 - Entirely internal capacity



Yet another question would be with regard to the functional style of the entity. Should it be a small but professional agency which relies on a lot of outsourcing, or should it have its own manpower and capacity to discharge all functions from within its establishment?

Summary

- Institutions need to be set up to "Manage Competition", coordinate all aspects of urban transport, and perform a regulatory role
- Institutions also need to operate services
- There are several similarities and variations in examples
- Several key questions arise in setting up such institutions:
 - Functions
 - Powers
 - Financing
 - Manpower
 - Functional style
- Each city is unique and may require unique solutions!



22

In summary, lead agencies are important in managing and regulating the transport system in any city. Examples show that there are both similarities among them and interesting variations.

In setting up such institutions, there are several questions that need to be answered. There are options and pros and cons to each option. Therefore, choices have to be made in line with the local context.

Each city is unique and requires unique solutions.