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RTD on
PUBLIC TRANSPORT REFORMS

A Journey on Three Axes: Ownership, Regulation and Competition

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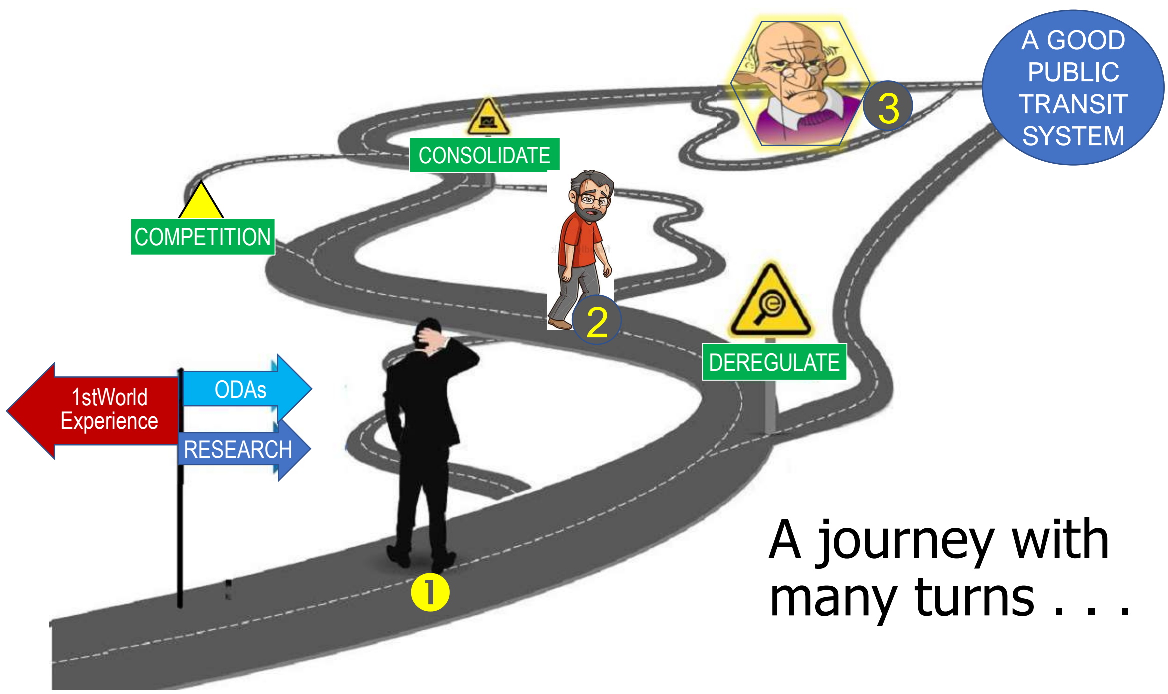
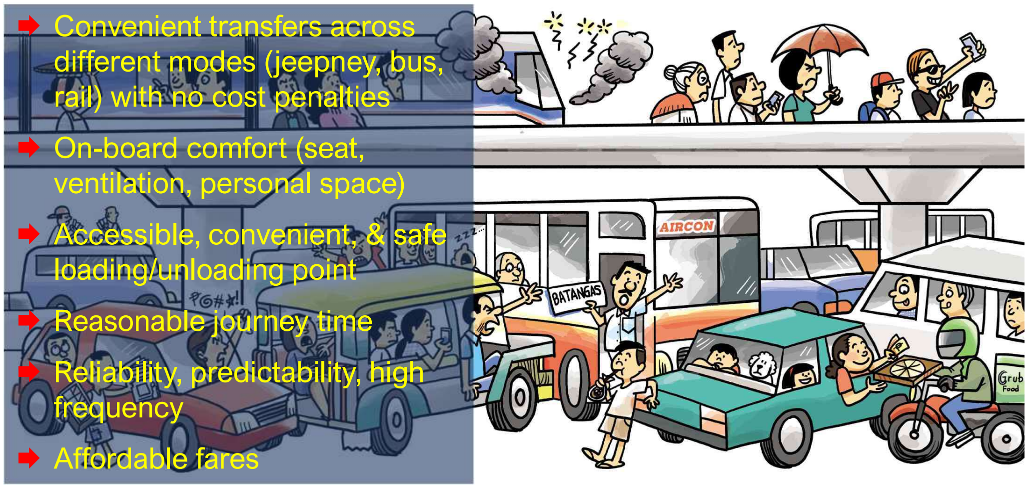
1



2

What makes for a good PT system?

- Convenient transfers across different modes (jeepney, bus, rail) with no cost penalties
- On-board comfort (seat, ventilation, personal space)
- Accessible, convenient, & safe loading/unloading point
- Reasonable journey time
- Reliability, predictability, high frequency
- Affordable fares



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Solving the PT Reform Puzzle is not as difficult as Rubik's Cube

4

My early explorations on PT Regime

REGULATION

COMPETITION

Regime	Demand on Public Institutions		Demand on Public Funds		Externalities: Effects on Other Sectors	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
Public Monopoly	Medium: Cpacity building for bureaucracy	HIGH: enlarge bureaucracy for transit O&M	HIGH: Funding to buy out or replace fleet	HIGH: Capex & Operating Subsidy	HIGH: Adverse effects on existing operators	LOW: minimized traffic impact
Controlled Competition	High: Reform of LTFRB & franchising	Low: small bureaucracy required	Medium: Gov't may need to seed the consolidation	LOW: sound fare will lead to zero subsidy	Medium: Bus consolidation	Low: minimized traffic impact from fleet management
Deregulated Regime	LOW: small bureaucracy & low competency	LOW small bureaucracy & low competency	NONE	LOW: for common infrastructure	Low: no change in current structure	HIGH: high congestion dut to street competition

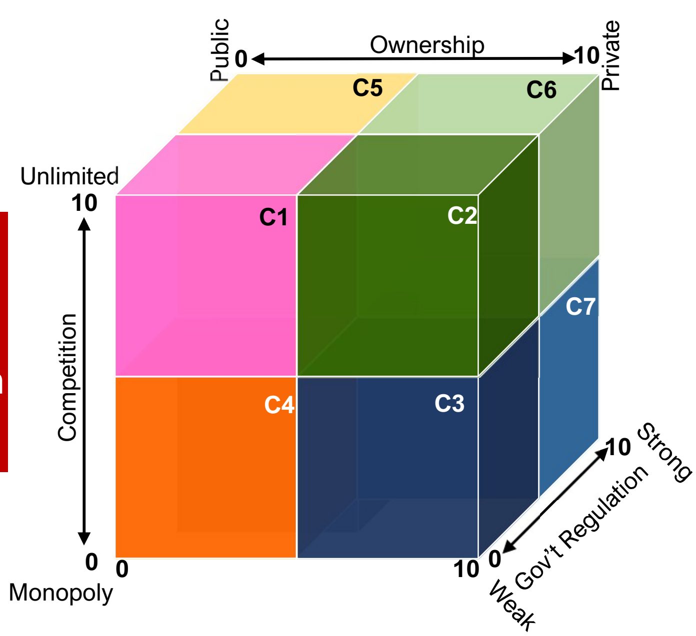
5

Trifecta of

x=Ownership

y=Competition

z= Regulation



STRATEGIC:
Movement in 2 dimensions, or change in Cube

TACTICAL:
Change of position within same Cube, in 1 dimension

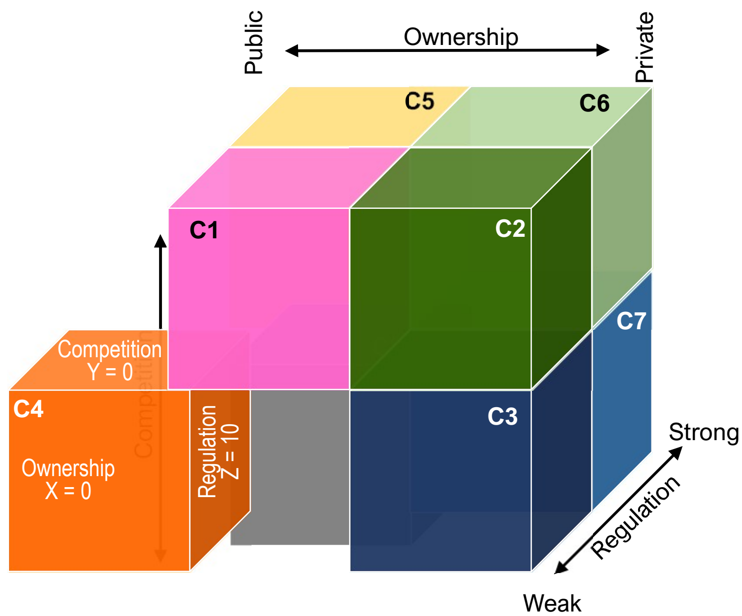
OPERATIONAL:
Improvement w/no change in position w/in a Cube

6

C1W CITIES

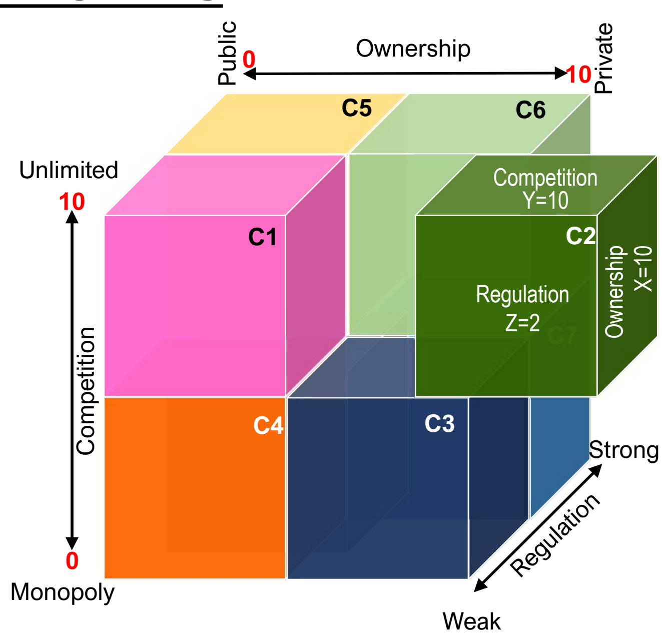
Reform Threads
- Unbundling
- Service Contracting
- Movement on Y axis

Thredbo Countries [C4]
(X=0, Y=0, Z=10)
- Local Public Transit Authorities
- Nil to Zero paratransit
- Car as dominant mode



7

C3W CITIES



Philippine [C2 Corner]
(X=10, Y=10, Z=2)
- Weak Institutions (Z)
- Multi-modal Competition of many small operators
- Private Ownership (X)

Reform Threads
- Consolidation (Y) → C3
- Regulation (Z)→ C6
- Zero change on X axis

8

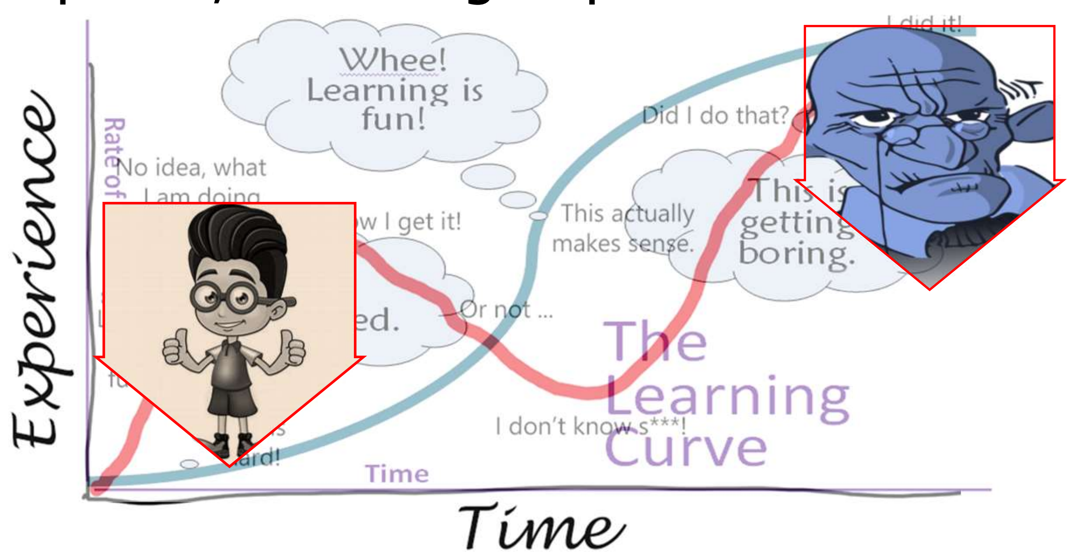
Is this supply deficiency (no competition)?

YES, lack of supply caused by LTFRB restricting competition

NO, supply is adequate but Fare too low

9

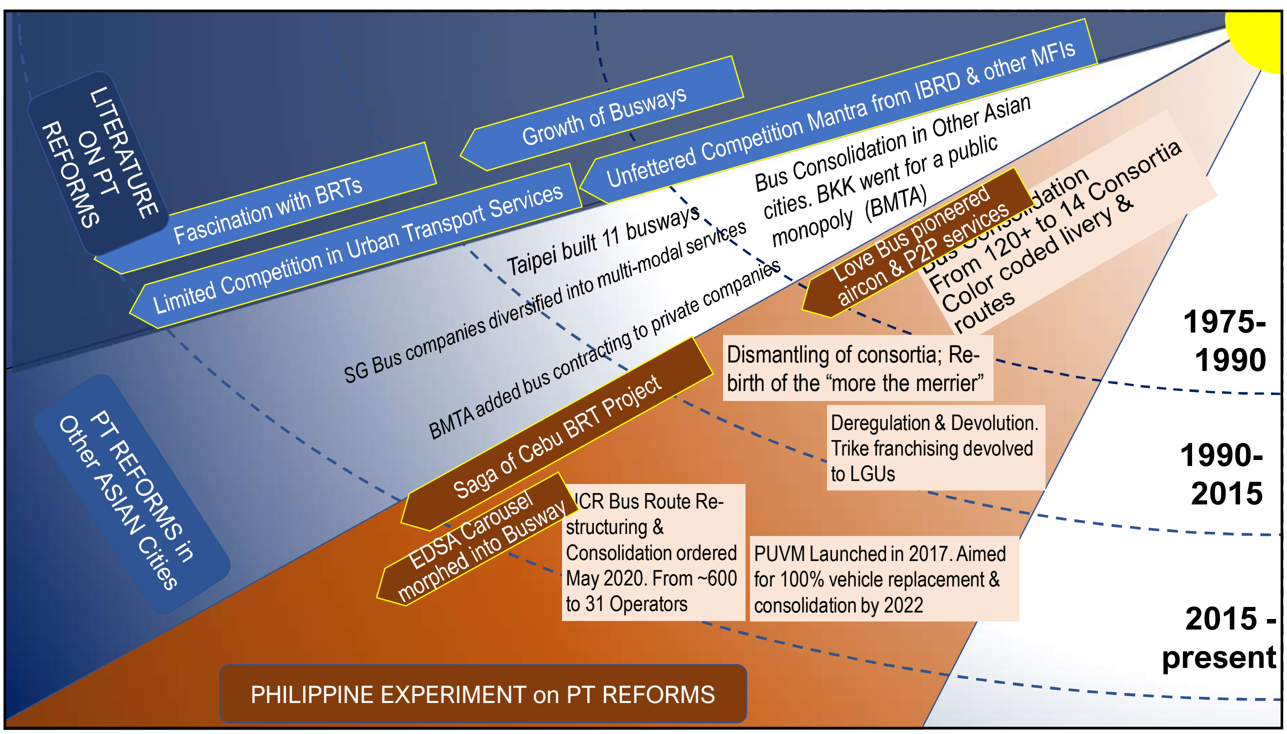
Viewpoints, according to position in LC



10


One Way to speed up your journey
Look back to PT Reforms in last 45 Years

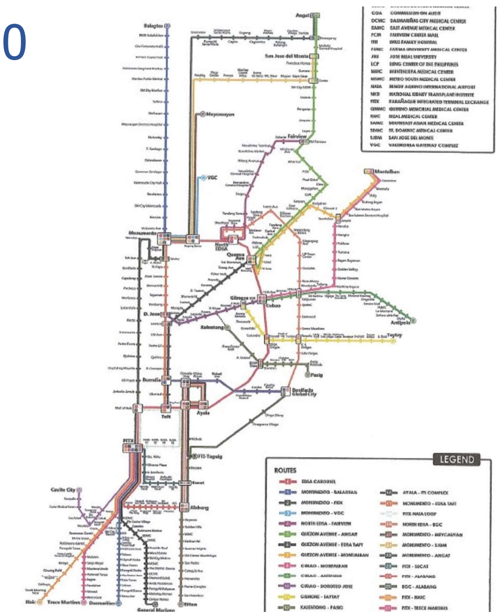
11


LITERATURE ON PT REFORMS
Fascination with BRTs
Growth of Busways
Limited Competition in Urban Transport Services
Unfettered Competition Mantra from IBRD & other MFIs
Bus Consolidation in Other Asian cities. BKK went for a public monopoly (BMTA)
Taipei built 11 busways
SG Bus companies diversified into multi-modal services
BMTA added bus contracting to private companies
Love Bus pioneered aircon & P2P services
From 120+ to 14 Consortia
Color coded livery & routes
1975-1990
Dismantling of consortia; Re-birth of the "more the merrier"
Deregulation & Devolution. Trike franchising devolved to LGUs
1990-2015
Saga of Cebu BRT Project
EDSA Carousel morphed into Busway
CR Bus Route Re-structuring & Consolidation ordered May 2020. From ~600 to 31 Operators
PUVM Launched in 2017. Aimed for 100% vehicle replacement & consolidation by 2022
2015 - present
PT REFORMS in Other ASIAN Cities
PHILIPPINE EXPERIMENT on PT REFORMS

12

Bus Consolidation version 2020

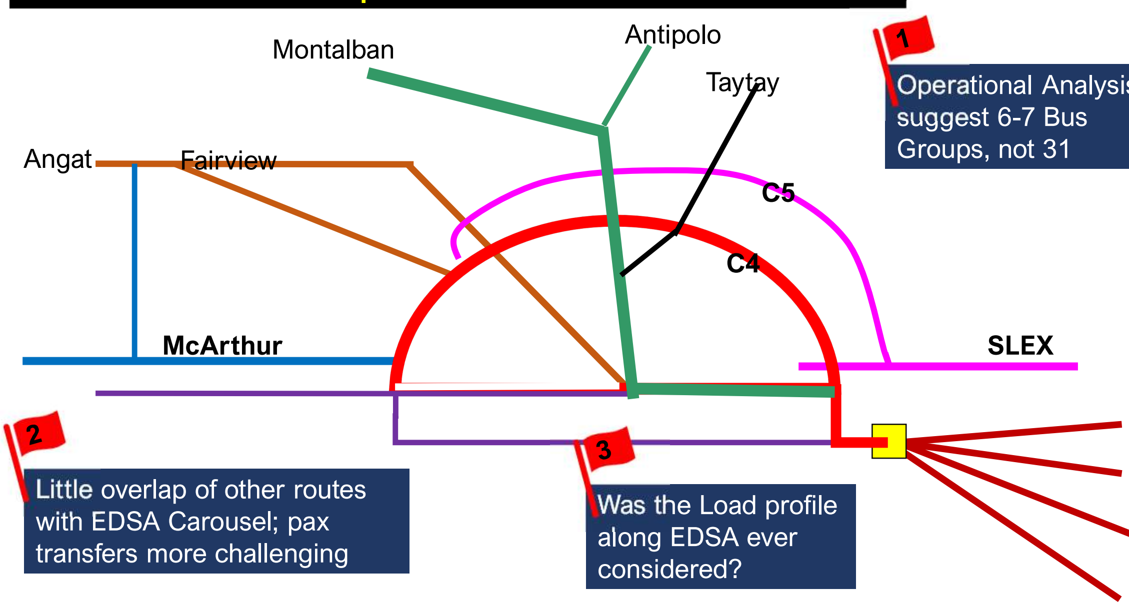
- Merger of 600+ operators into 31
- Existing operators to re-apply for franchise (1 franchise=1 route)
- Intra-bus transfers, turn-around points, depot locations (unspecified)
- Color-coding buses & routes (31 colors)



Guarino, et.al "A Study into Viability of Consolidating Bus Companies Operating in Metro Manila", 8th TSSP Conference (1997)

13

Conformal Map of the New Bus Routes



14

Tale of 2 Bus Consolidations

Consolidation circa 1970s	Consolidation circa 2020s
1. Presidential LOI#532, 1343 9s1975	1. LTFRB Memo Order 2020-019
2. Cabinet-level steering committee (COBRE)	2. ??? Maybe 3-pax Board of LTFRB
3. Full-time Project Team inter-acting with bus operators	3. Undetermined project team
4. Route structure derived from operator's suggestions	4. New route structure proposed by a consultant & imposed to operators
5. Bus livery (color) for bus fleets proposed by consortium & approved by COBRE. Same with route color	5. Route color and code number imposed by LTFRB
6. No reduction in bus number, minimum fleet size for each consortium	6. Reduction in bus number from ~10,000 to 4,600

15

The PUVM: Teething or Systemic Problem?

- Target: replace 200k+ jeepneys with minibus by 2021
- Re-design all PT routes (to be done by LGUs)
- Consolidate operators: one 'coop' = one route

Dubious Assumptions:

- New vehicle will be viable at same old fare
- LGUs can prepare route plans, following LPTRP Manual
- Consolidation will happen, by fiat

16

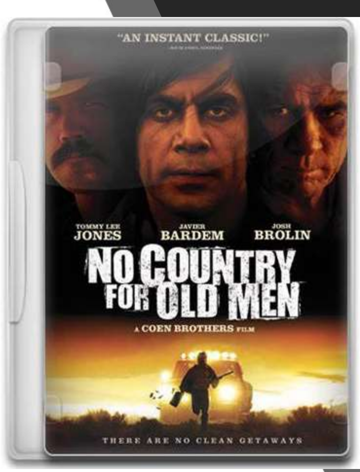
The slippery slope of Service Contracting

- Private sector contractor is "yet to be organized"
  - Buses and jeepneys are in process of consolidation
  - Contracting with thousands of small operators is a bureaucratic nightmare
- Absence of a pre-existing (+Local) Public Transit Agency (PTA)
  - No LGUs has embraced PT as public service obligation (PSO)
  - Public sector counter-party to SCS is missing
- LTFRB is the wrong counterparty: conflicted interest between regulator and operator
  - No experience in PT transit management
  - Gov't as transit manager: from the frying pan into the fire
- Open a Pandora's Box: politicians meddling in the selection of operators and setting of fares (weak institutions)
- <u>Wrong</u> starting point in the Trifecta

**Methodology: Backcasting, see ADB's Futures Thinking in Asia Pacific*

17

Realizations of an 'aging' Researcher



- ➔Public Monopoly is to be preferred when
  - *Economies of Scale*
  - *Public institutions are strong/competent*
- ➔Government (PHI) is a bad manager in O&M situation
  - *Reverse Midas touch: turns gold into bronze*
  - *Inner clock on accelerated entropy*
- ➔In a competitive market (according to Economists)
  - *Government hand is unnecessary*
  - *Steering, not Rowing, is the mantra*
- ➔Balancing too many vs too few operators
  - *Too many: commuters can't differentiate good from the bad*
  - *Bugaboo of monopoly/oligopoly is imaginary (in transport)*
  - *Other modes are competitors hiding on plain sight*
- ➔Colonial mentality can't be dismissed
  - *Deferential to foreign experts and imported ideas*
  - *Dismissive of local talents*

18

Many questions still pending, after many years

19

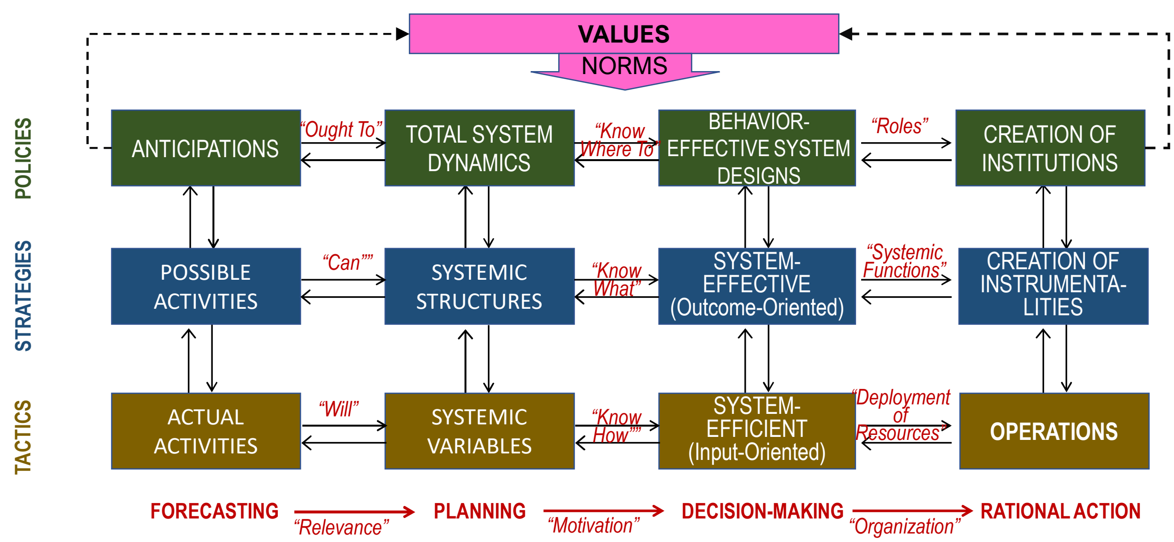
Many questions still pending, after many years

- PT Modernization = Corporatisation/Amalgamation?
- Can small operators be coordinated or integrated without consolidation?
- How to save PUVM? Or does it need saving?
- Will the old playbook on bus consolidation lead to new outcome?
- What about public transport in 1,400+ municipalities without buses or jeepneys as PT mode?

20

21

A Framework for Policy Design & Planning



22

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Thank You !

23