



Policy Options for Public Transport Development in Chinese Cities



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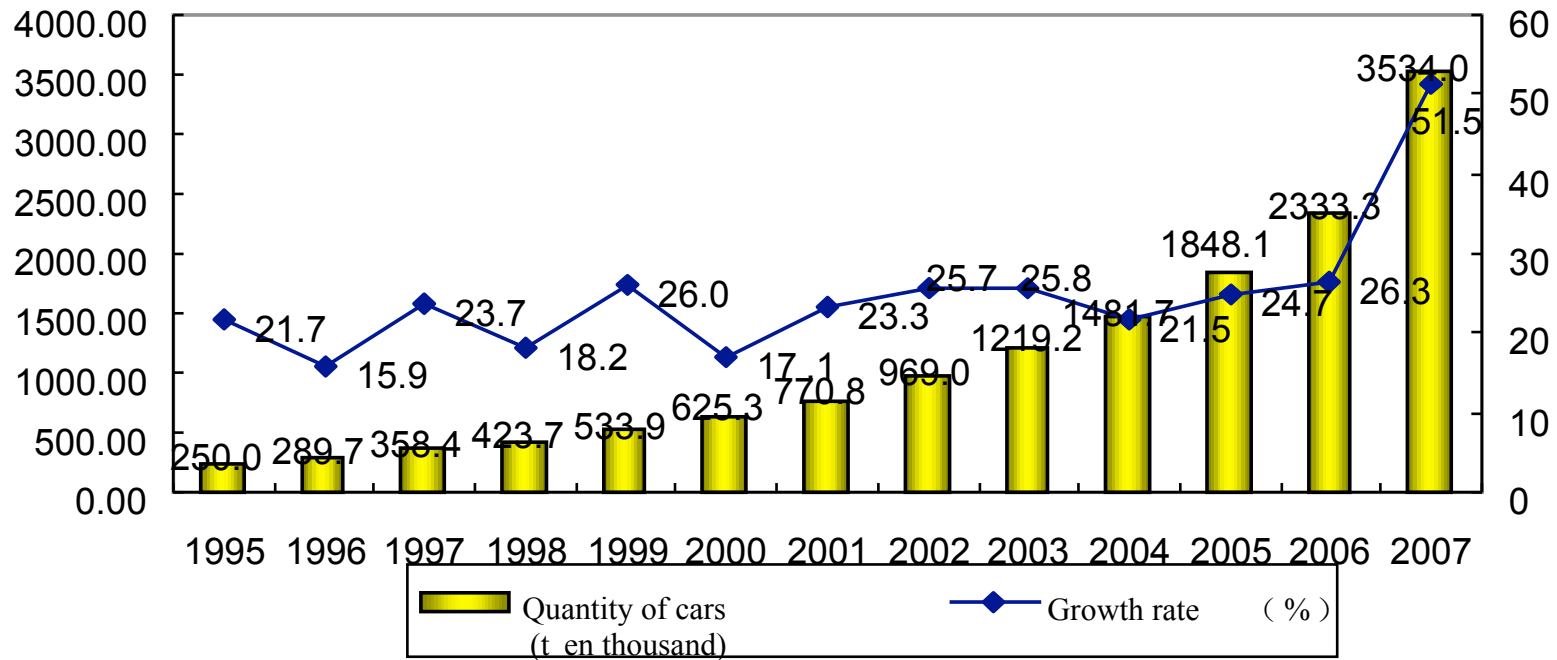
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◆ Speedy motorization cause serious challenges to Chinese urban transport



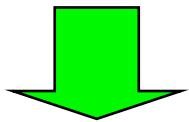
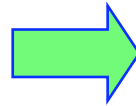
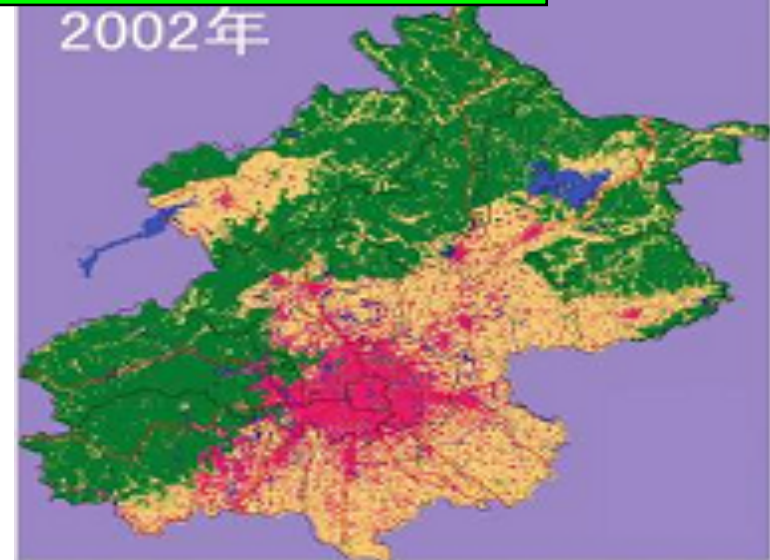
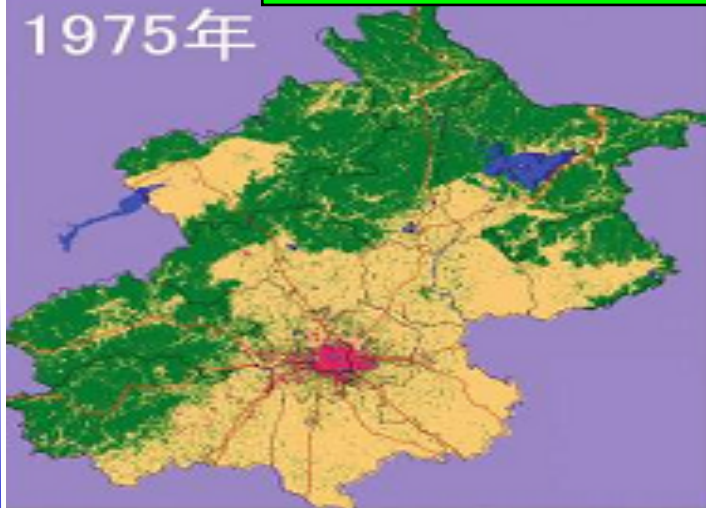
City	Traffic congestion loss (CNY/month.person)
Beijing	375
Guangzhou	274
Shanghai	228
Xi'an	69



Fast urbanization: 45% in 2007.

12 million people move from countryside to city.

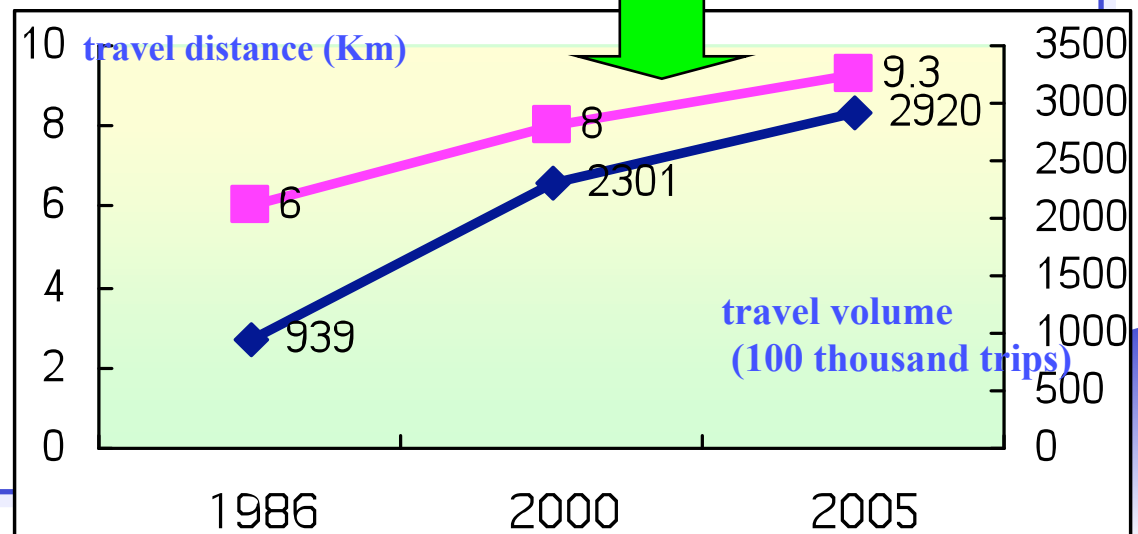
Build-up area Increase of Beijing, 50 Km² per year



Travel demand increase

● Total travel volume, 7.0%

● Travel distance, 16.3%



The coming 15 years is a crucial stage for urban transport development in China

We should take actions in advance, implement strategies of sustainable development, and avoid mistakes experienced by developed countries.

Which way to choose ?

Private cars uncontrolled
Highway construction

Energy
Consume
Green house
Gas
Land Occupy
High travel cost

Developed Countries
Dense city,
Public Transport
Non-motor travel



- Convenient
- Environmental
- Equality

Promote Public transport development to provide fast, safe, convenient, and comfortable travel service. —President *Hu Jintao*, OCT, 2009

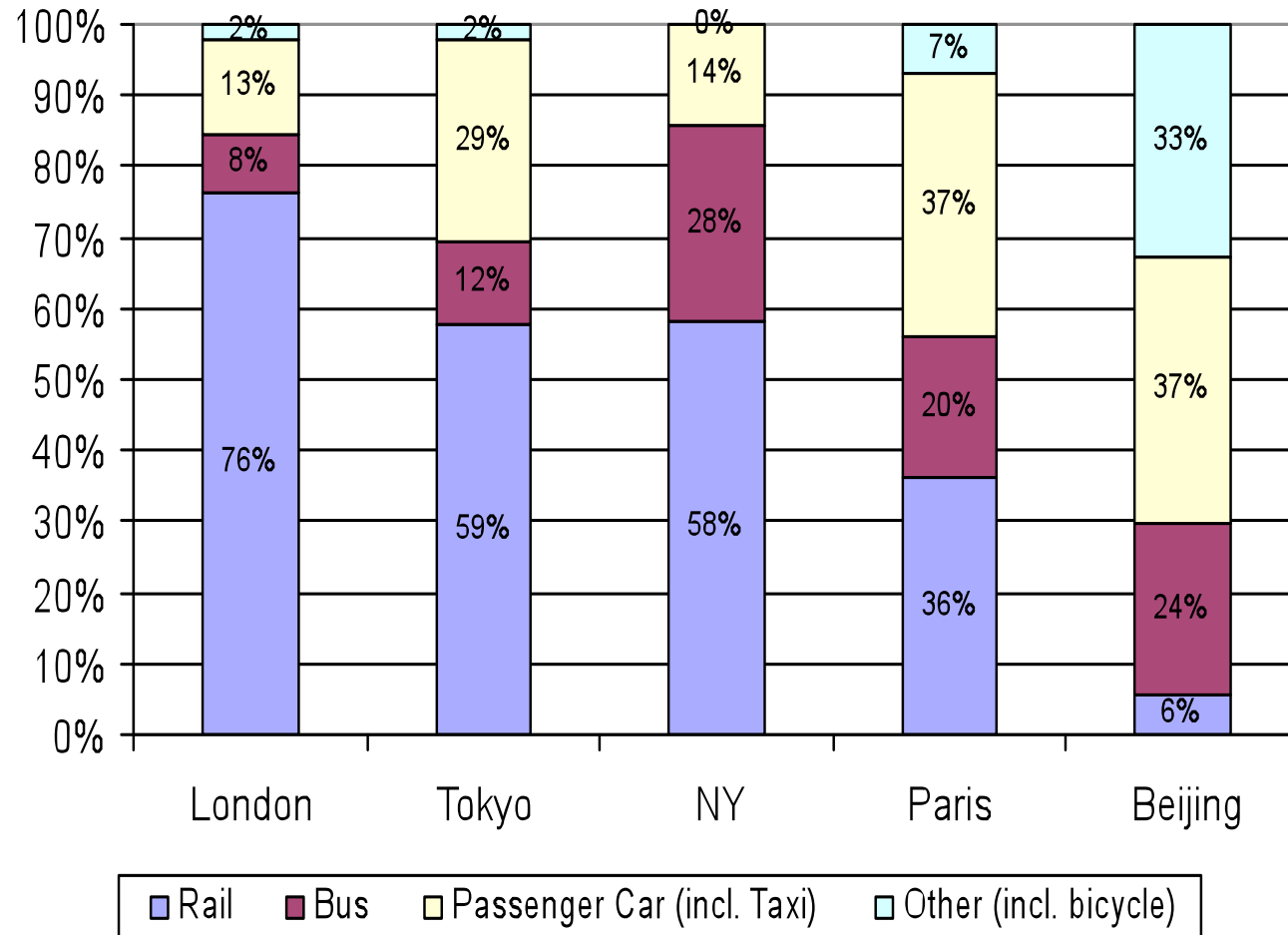
Public transport priority is the right strategy for city and transport development in China. —Premier *Wen Jiabao*, Jue, 2004.

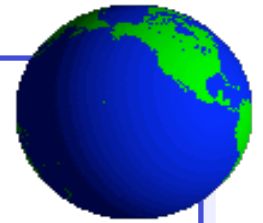
The state council, MoC and NDRC, have issued many policy documents for public transport priority.

The conception of PT priority is well accepted **in theory,
—but not fully implemented **in practice!****

Problems of PT in China

◆ Public transport development lag behind





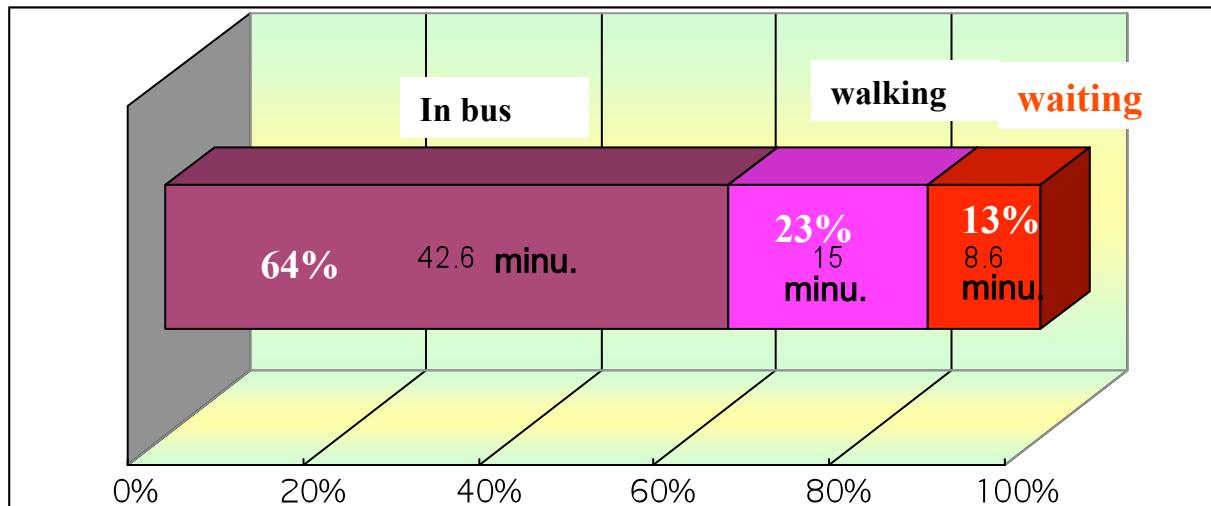
◆ Public transport development lag behind

■ Beijing:

✓ Travel distance by bus is 4.5 kms **shorter** than car, but

✓ Time using is 24.3 minutes **longer**

30% transfer distance of average trips in Beijing is over **500 meters**



Problem analysis:

(1) Lack of stable institution and policy guarantee

The PT regulations at the national level are not issued yet

- ✓ From the National People's Congress——No law
- ✓ From the State council——No administrative regulations
- ✓ From the Ministry level——No departmental regulations

■ Insufficient PT management regulations at local level

- ✓ No guarantee for priority of road rights, investment, subsidy and land use
- ✓ Irregular **market operation** and weak **supervision**

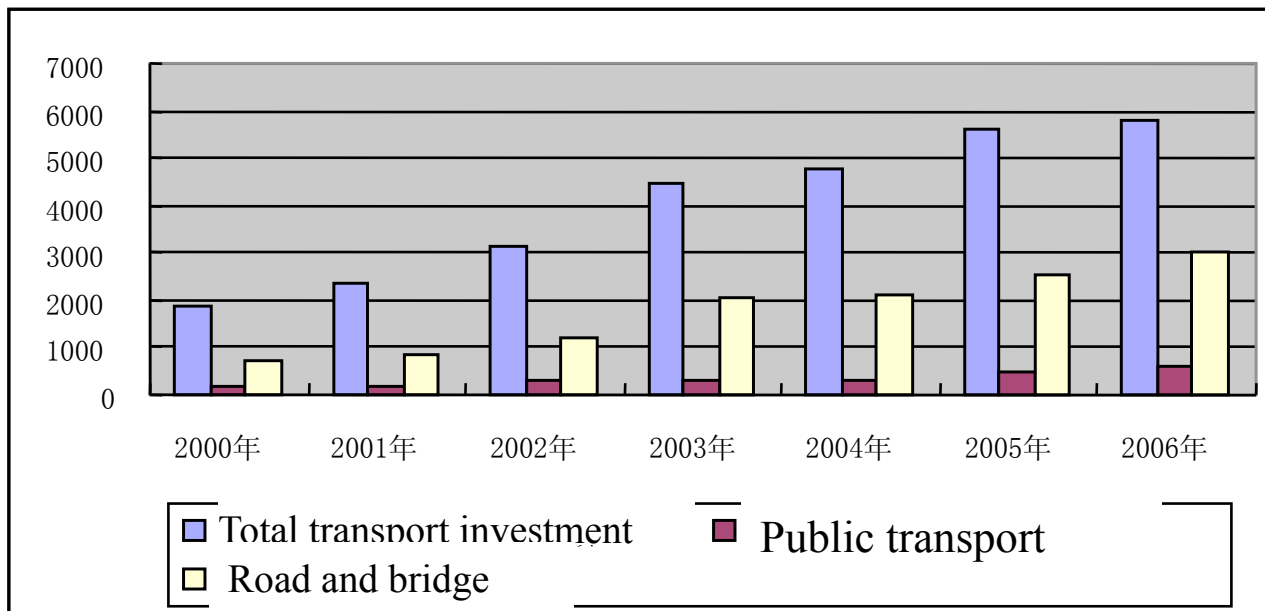
Problem analysis:

(2) Insufficient input for public transport development

In 2006, total fixed assets investment in urban construction was 576bill. CNY, of which :

- ✓ urban public transport, 10.47%,
- ✓ roads and bridges, 52.03%.

■ Investment structure of urban transport (100 mill. CNY)



Problem analysis:

(3) Market operation is not standardized and lacks supervision

◆ Market operation

Monopoly operation: lack of innovation, heavy burden for the government.

Entire market operation: malignant competition and resource waste. Some city even auction and transfer the operating rights of public transport routes.

◆ Supervision

Lacking supervision, assessment mechanism and appraisal standards for service quality, resulting in non-guaranteed service quality.

Problem analysis:

(4) Incomplete institutional system and mechanism

PT planning, building and operation are managed by different departments, namely, departments of planning, transport, development and reform, land, and construction.

Lack of communication and coordination, results in PT facilities shortage (e.g. bus special lanes and stations) after the roads are built

■ Opportunities for public transport development in China

March, 2008, *the State Council's Institutional Reform Plan.*

Integrate transport responsibilities, form new Ministry of Transport

- ✓ postal service
- ✓ civil aviation
- ✓ urban passenger transport management

■ Local cities

- ✓ deepen the institutional system reform
- ✓ integrate administration bodies
- ✓ Government attention to public transport development

Policy Options for Public Transport Development in China

1. Acceleration of regulation system

■ National level:

- ✓ Issue the *Regulation of Urban Public Transport*, to provide stable policy guarantee for PT

■ Local Level

- ✓ Work out and implement specific policies and measures of public transport priority
- ✓ Guarantee policies regarding fiscal budget, taxation, capital allocation, land use and facility construction.

Beijing Public Transport Regulations (2006)

2 Positions : The important strategic position and social welfare position of public transport in urban development.

4 Priorities : Land use, Investment , Road right, Fiscal and taxation support.

2. Regulate market operating management

- A supply system with dominant government supply, participated in by a certain number of entities: **scale operation, orderly competition.**
- Responsibility orientation
 - ✓ *Government: service management and supervision*
 - ✓ *Company: operation*
- Franchise public transport service to a few enterprises for comparison **price, operation performance and operation cost**

Shanghai -- “Public interest positioning and market operation”

Guangzhou – Introduce foreign capital and private capital, deepen the reform of state owned public transport enterprises: 5 joint ventures and cooperatives and 3 private enterprises.

Shenzhen – Carry out corporate regrouping and franchised operation of public transport, encourage the enterprises to run independently.

3. Reform public transport investment and financing policy

- Ensure **public financial sources** be allocated to the public transport.
- Set up **special fund for PT**: e.g, certain ratio of urban land use transfer income and municipal capital be used.
- **Social funds**: attract and encourage individuals, enterprises and foreign capital to participate in investing in and operating public transport in the form of joint ventures and cooperatives.

4. Establish service supervision system of public transport

- Carry out result oriented effective supervision for services
- Collect evaluation information from the public
- Establish an index system for service quality evaluation, and formulate supervisory rules.
- Include the public transport service level into the evaluation system for local officials.

5. Strengthen Travel Demand Management

—Pull : Public transport

—Push : Travel Demand Management

- Take measures in advance, through economic, technical, management, administrative means, to control car usage
 - ✓ Differentiated parking charge
 - ✓ Car using restriction based on plate number
 - ✓ Flexible work time etc.
- Induce the public to take public transport modes

Thank you!

