

***The Fare Revision Process of
Overseas City Bus Services :
Transport-Related Bodies***

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EXECUTIVE SUMMARY

1. In the six overseas cities under study, namely, Singapore, London and Seoul for private-owned operators, and Paris, Toronto and New York for government-owned operators, none is required to submit the fare revision proposals to their respective legislatures for deliberations and approval. Hence, no subsidiary legislation has been enacted in any of these cities for bus fare revision control.
2. Only in London and Paris is a veto power vested with the Minister of Transport. In the other four cities, the decision of the approving authorities is final. No appeal channels exist for the bus operators or passengers in any of the six cities.
3. Three cities, namely, London, Seoul and New York have established official advisory groups, whose members are all appointed by the elected officials. Operators in Singapore may also consult the Land Transport Authority before submitting its fare revision application to the Public Transport Council.
4. No correlation can be drawn between the establishment of advisory bodies and the ownership of the operator, the method of financing of operating costs, or the fare structure.
5. In London, the London Transport indicated that a conflict of fare revision occurred between the approving authority and the Secretary of State for Transport in 1990. A compromise package was reached a month later.
6. In London and New York, the views of the advisory bodies are always different from the approving authorities, but the decision of these approving authorities is final.
7. Statistics from Singapore, London and Seoul, where the bus services are privately-run, show that city bus fare increases have been either in line or higher than inflation.

Abbreviations

LIRRCC	Long Island Rail Road Commuter's Council, New York
LRPC	London Regional Passengers Committee
LT	London Transport
LTA	Land Transport Authority, Singapore
MMT	Municipality of Metropolitan Toronto
MNRCC	Metro-North Rail Commuter Council, New York
MTA	Metropolitan Transportation Authority, New York
MTANYCT	Metropolitan Transportation Authority New York City Transit
NYCTRC	New York City Transit Riders' Council
PCAC	Permanent Citizens Advisory Committee, New York
PTC	Public Transport Council, Singapore
RATP	Régie Autonome des Transports Parisiens, Paris
RLS	Research and Library Services Division
SBS	Singapore Bus Service Limited
SPMC	Seoul Price Measures Committee
STP	Syndicat des Transports Parisiens, Paris
TIBS	Trans-Island Bus Services Limited, Singapore
TTC	Toronto Transit Commission

THE FARE REVISION PROCESS OF OVERSEAS CITY BUS SERVICES : TRANSPORT-RELATED BODIES

PART 1 --- INTRODUCTION

1. Background

1.1 In October 1996, the Bills Committee of the Public Bus Services (Amendment) Bill of the Legislative Council requested the Research and Library Services Division (RLS) to conduct research on the fare revision process of overseas city bus services. A study on the current practices in overseas cities was conducted accordingly.

2. Objective

2.1 The objective of this research paper is to provide the latest information on the subject in six overseas cities to enable legislators to better scrutinize the above Bill.

2.2 The scope of the study comprises :

- (a) details on the composition, terms of reference, financial support and staffing resources of transport-related advisory bodies¹ in overseas cities where the bus services may be privately-run or government-owned;
- (b) with regard to the fare approving authorities in Seoul, details on how the Municipal Government of Seoul is established, its terms of reference, financial support and staffing resources;
- (c) for fare revision applications submitted by operators of privately-run services in overseas cities, whether the decisions of the approving authorities are final, or if there are further veto power or appeal channels; and if the fare control mechanisms consist of procedures similar to that of subsidiary legislation in Hong Kong;

¹ Advisory bodies in the study refer to those organizations or user groups which must be consulted formally in the fare revision process. Pressure groups are not included because of their informal nature.

- (d) the experience in overseas cities in dealing with conflicting views between approving authorities and advisory bodies regarding fare increase applications, in particular applications submitted by operators of privately-run services; and
- (e) statistics on the proposed and approved rates of fare increases of privately-run services.

3. Methodology

3.1 To gather the necessary information, the RLS sent enquiries to transport ministries, government departments, advisory bodies, user groups, and city bus operators in ten overseas cities; namely Singapore, London, Seoul, Paris, Toronto, New York, Tokyo, Osaka, Sydney, and Los Angeles.

3.2 The ten cities are chosen because they were the cities covered in the previous research report entitled *Monitoring of Overseas City Bus Services* (RP16/95-96 published in September 1996)². However, for this study, Osaka and Sydney have not responded to the enquiries. Also, Tokyo and Los Angeles have not provided sufficient information for the study.

3.3 This report is based on information available from Singapore, London, Seoul, Paris, Toronto, and New York.

² The previous study attempted to cover 13 overseas cities. Apart from the ten mentioned cities, the other three cities were Bangkok, Taipei, and Vancouver. The RLS excludes Bangkok and Taipei in the study because the two cities did not respond to the previous enquiries. The RLS also excludes Vancouver because the city bus services are government-owned and there are no official advisory bodies in the fare revision process.

PART 2 --- PRIVATELY-OWNED CITY BUS SERVICES

4. Singapore

4.1 In Singapore, city bus services are provided by two operators, namely Singapore Bus Service Limited (SBS) and Trans-Island Bus Services Limited (Tibs). The two bus companies are privately-owned and do not come under any subsidy scheme from the Government.

Land Transport Authority

4.2 The Land Transport Authority (LTA) is primarily responsible for the development and management of Singapore's land transport system. It is a statutory board formed under the Land Transport Authority of Singapore Act (Cap. 158A) on 1 September 1995 with the merger of :

- (a) Mass Rapid Transit Corporation,
- (b) Registry of Vehicles,
- (c) Roads and Transportation Division of the Public Works Department, and
- (d) Land Transport Division of the Ministry of Communications.

4.3 The Minister of Communications appoints all members of the LTA, including the Chairman and the Deputy Chairman. The LTA comprises not less than three but not more than 15 members as the Minister of Communications may determine. At present, there are 13 members. Members of the LTA do not receive any salaries.

4.4 The city bus operators can consult the LTA on the rates of fare increases. The consultation is not obligatory; it is up to the bus operators to decide whether or not to consult the LTA.

4.5 After the consultation with the LTA, the two operators can refine their fare revision proposals. The operators then submit the proposals to the Public Transport Council (PTC).

Public Transport Council

4.6 The PTC is the authority to approve city bus fare revisions. The PTC is a statutory board formed under the Public Transport Council Act (Cap. 259B). The functions of the PTC as set out in Section 4 of the Act are :

- (a) to receive and consider applications for the issue of bus service licences;
- (b) to receive and consider applications for approval of bus, taxi and rapid transit systems fares;
- (c) to regulate bus routes; and
- (d) to engage in such other activities and to perform such functions as the Minister of Communications may permit or assign to it by order published in the Gazette.

4.7 The PTC comprises 13 members, all of whom are appointed by the Minister for Communications on a two-year term. The members include the chief executive officers of the four public transport operators (i.e. SBS, Tibs, Singapore Mass Rapid Transit, and Comfort Taxis), representatives of grassroots organizations, academics, professionals, and corporate representatives.³

4.8 The Chairman and the Deputy Chairman of the PTC are also appointed by the Minister for Communications from among its members. The Minister for Communications may revoke the appointment of the Chairman, the Deputy Chairman and other members of the PTC without assigning any reason.

4.9 The PTC is financed by government grants. Salaries and allowances of the members of the PTC (including the Chairman and the Deputy Chairman) are determined by the Minister for Communications and financed by the Government.

4.10 The PTC meets once a month. These meetings are not open to the public.

4.11 The PTC is supported by the PTC Secretariat in discharging its functions. The PTC Secretariat has six staff and is headed by a Secretary who reports to the Chairman of the PTC. The PTC Secretariat is also funded by government grants.

³ The RLS sought to obtain the exact number of members returned by these groups. However, such information has not been provided to the RLS.

Fare Approval Process

4.12 The city bus operators can consult the LTA on the rates of fare increases. The operators can then refine their fare revision proposals. In submitting the proposals to the PTC, the bus operators spell out the reasons for the increases. The PTC then considers these applications on their merits and make its decisions accordingly. In considering any application for revision of city bus fares, the PTC takes into account the need for the applicants to remain financially viable and the need for safeguarding public interest.

4.13 City bus fare revisions decided by the PTC are final. There are no official advisory bodies in the fare revision process. The decisions of the PTC are not required to be submitted to the legislature for deliberations and approval. No authorities can veto these decisions and there are no appeal channels for the city bus operators or for the passengers.

4.14 The decisions of the PTC on city bus fare revision are announced through a press release and the revised fares are gazetted for public information.

Experience of Fare Revision

4.15 The PTC indicated that the city bus operators accepted the decisions of the PTC when their applications were considered and decided upon in the past six years.

4.16 The reply of the PTC indicated that the last major bus fare revision took place on 1 October 1990, after an interval for about nine years. For this revision, fares were increased by ten cents⁴ (25%) across the board. The operators' proposals were accepted by the PTC.

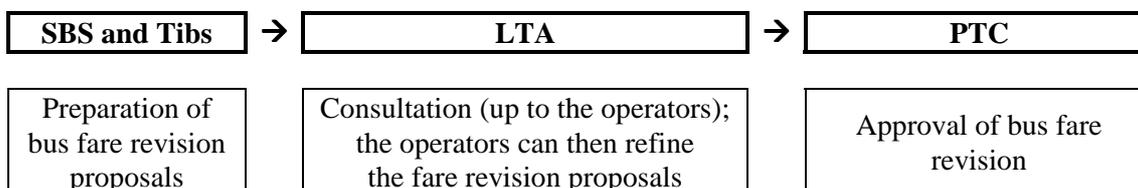
4.17 On 1 June 1994, the bus fare was raised by ten cents⁴ to assist the city bus operators to offset partially the 3% Goods and Services Tax⁵ which was payable on the city bus fare collection.

4.18 On 1 October 1995, the bus fare was raised by another ten cents⁴.

⁴ The figures are in Singaporean currency.

⁵ The Goods and Services Tax was a tax which was introduced on 1 April 1994.

4.A Bus Fare Revision Process in Singapore



Source : Public Transport Council.

4.B Authorities Involved in the Bus Fare Revision Process in Singapore

Official Advisory Body	Approving Authorities	The Legislature	Authorities with Veto Power	Appeal Channel
nil	PTC	nil	nil	Nil

Source : Public Transport Council.

4.C Details of Authorities Involved in the Bus Fare Revision Process in Singapore

Authorities	LTA	PTC
- functions	Development and management of land transport system	approving authorities
- legal status	statutory	Statutory
- source of financing	Government	Government
- general meetings	n.a.	once a month
Members	13; appointed	13; appointed
- salaries (financed by)	Members do not receive any salaries	Government
- term	n.a.	two years
Staff Support	n.a.	six staff
- salaries (financed by)	Government	Government

Remark : n.a. represents information not provided to the RLS.

Sources : Land Transport Authority and Public Transport Council.

5. London

5.1 City bus services are operated by private companies under contract to the London Transport (LT).⁶ There are two types of contracts, namely “gross cost” and “net cost”. Under the “gross cost” contract, the LT provides a fixed amount of funds to the operators, but the fare revenue is remitted to the LT. Therefore, the operators have no incentive to increase the bus fares. Under the “net cost” contract, the operators are bound to accept the bus fares set by the LT. The LT is still subsidizing loss-making routes.

London Transport

5.2 The LT is a statutory body set up under the London Regional Transport Act 1984. It comprises 11 members (including a Chairman and a Deputy Chairman), all of whom are appointed by the Secretary of State for Transport for a fixed term contract (with details determined by the Secretary of State for Transport). Salaries and allowances of the members (including the Chairman and the Deputy Chairman) of the LT are also fixed by the Secretary of State for Transport. The Government provides grants and subsidies to the LT.⁷

Fare Approval Process

5.3 The LT determines fares for both buses and subways in London whereas the Secretary of State for Transport gives overall policy direction. In setting the bus fare levels, the LT consults the Department of Transport in considering the government policy and the financial targets set for the particular mode of transport. Since 1993, as required by the Railways Act 1993, the LT needs to consult the London Regional Passengers Committee (LRPC) on the fare revision.

5.4 The Secretary of State for Transport has the final power to disapprove fare revisions. The fare revision proposals are not submitted to the legislature for deliberations and approval. There are no appeal channels for the city bus operators or for the passengers.

⁶ In 1994, the Government privatised ten bus companies with proceeds of some £233 million.

⁷ In 1993-94, the LT incurred an operating loss of £63 million and investment expenditure of £821 million. Grant from the Department of Transport was £693 million. In 1994-95, the LT obtained an operating profit of £40 million and incurred investment expenditure of £954 million. Grant from the Department of Transport was £686 million.

London Regional Passengers Committee

5.5 The LRPC is a statutory body established under the London Regional Transport Act 1984 (amended by the Railways Act 1993). It is a public body financed by the Department of Transport. Duties of the LRPC include :

- (a) acting as the appeal body to investigate complaints and suggestions which have not been dealt with by the operators;
- (b) considering issues referred to the LRPC by transport operators and the Government; and
- (c) considering any relevant issues.

5.6 Since 1993, the LRPC is consulted on proposed fare changes. Nevertheless, the reply from the LRPC to the RLS indicates that the LRPC has no power to force its views on the LT. If the LT ignores the views of the LRPC, the LRPC cannot do anything apart from making a public statement of protest.

5.7 The members (including the Chairman and the Deputy Chairman) of the LRPC are appointed by the Secretary of State for Transport from a list of nominees. The names of nominees are submitted by such nominating organizations as Chamber of Commerce, user groups, interest groups such as women's organizations, disability groups, and ethnic minority organizations. The London Regional Transport Act 1984 provides for the LRPC to have up to 30 members. Nevertheless, it has been custom for the LRPC to have 25 members. At present, there are 16 members; the LRPC is seeking nine new members.

5.8 Of these 16 members of the LRPC, six are nominated by user groups, three nominated by women's organizations, two by disability groups, one by the London Chamber of Commerce, one by a local authority association, and three by the Public Appointments Unit of the Cabinet Office.

5.9 If any of the existing members resign, the nominating bodies cannot ensure that a replacement comes from the same bodies.

5.10 The reply of the LRPC reports that in the future it is likely that advertisements will be placed in the press inviting nominations for new members. This change is welcomed by the LRPC which is keen to have a wider cross-section of the travelling public represented within its membership.

5.11 The LRPC is funded by government grants. Salaries and allowances of the members (including the Chairman and the Deputy Chairman) of the LRPC are also determined by the Secretary of State for Transport.

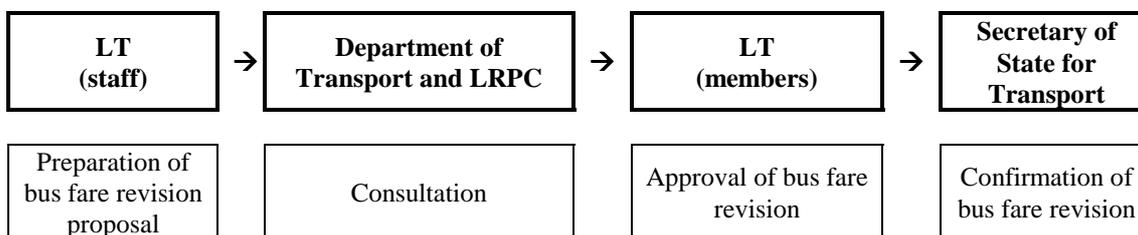
5.12 The LRPC meets five times a year while its sub-committees meet as frequently as once a month. Meetings of the LRPC are open to the public and its minutes and reports are widely distributed.

5.13 The LRPC is supported by a secretariat of 15 staff. The secretariat is headed by a director who reports direct to the Chairman. The secretariat is also funded by the Government.

Experience of Fare Revision

5.14 Past experience shows that the Secretary of State for Transport usually accepts the fare revision of the LT, with the exception in 1990. In 1990, the fare revision was delayed when the Secretary of State for Transport disagreed with the LT proposals applying for fare increases, which were higher than the prevailing inflation rate. A compromised increase in line with the inflation rate was reached with the Secretary of State for Transport a month later. The RLS has not been provided the details of the revenue lost due to smaller fare increase. In the last three years, the annual bus fare increases were higher than the inflation rate. However, the reasons for higher-than-inflation-rate increases have not been provided to the RLS.

5.A Bus Fare Revision Process in London



Source : London Transport.

5.B Authorities Involved in the Bus Fare Revision Process in London

Official Advisory Body	Approving Authorities	The Legislature	Authorities with Veto Power	Appeal Channel
LRPC	LT	Nil	Secretary of State for Transport	Nil

Source : London Transport.

5.C Details of Authorities Involved in the Bus Fare Revision Process in London

Authorities	LRPC	LT
- functions	advising on transport-related issues	Approving authorities
- legal status	Statutory	Statutory
- source of financing	Government	Government
- general meetings	- five times a year - open to public	n.a.
Members	25 ¹ ; appointed ²	11; appointed
- salaries (financed by)	Government	Government
- term	n.a.	Fixed term contract (with details fixed by the Secretary of State for Transport)
Staff Support	15 staff	n.a.
- salaries (financed by)	Government	Government

Remarks : n.a. represents information not provided to the RLS.

1. The London Regional Transport Act 1984 provides for the LRPC to have up to 30 members.
2. The members are appointed by the Secretary of State for Transport from a list of nominees suggested by such organizations as Chamber of Commerce, user groups, and interest groups.

Sources : London Regional Passengers Committee and London Transport.

6. Seoul

6.1 City bus services are provided by private enterprises under franchises granted by the Municipal Government of Seoul. There are around 90 private bus operators in Seoul. These operators do not receive any subsidies from the Municipal Government of Seoul.

Fare Approval Process

6.2 The Seoul Bus Company Association⁸ submits the fare revision application to the Traffic Management Office, a department of the Municipal Government of Seoul which monitors daily operations of the bus operators. The Traffic Management Office reviews the fare revision application.

6.3 The application is then submitted to the Seoul Price Measures Committee (SPMC) before the Mayor of Seoul considers and approves it. The announcement of the fare revision is made through a press release.

6.4 Since 1 July 1994, bus fares in Seoul have been approved by the Mayor of Seoul, having regard to wage increase, price level and public opinion. The decision of the Mayor is final. The fare application is not submitted to the legislature for deliberations and approval. No authorities can veto the decision and there are no appeal channels for the city bus operators or for the passengers.

Seoul Price Measures Committee

6.5 The SPMC is a statutory body which plays an advisory role in the fare revision process. The SPMC in fact not only gives recommendations on bus fare increases, but also advises on tariff increases of public utilities in Seoul.

6.6 The members of the SPMC are appointed by the Mayor of Seoul for a period of two years; and these members can be re-appointed. The maximum number of members of the SPMC is 15. At present, there are 14 members (seven members are government officials and seven are professionals such as university professor, accountant, journalist, and businessman).

6.7 The SPMC meets four times a year. The meetings of the SPMC are not open to the public, but the SPMC can invite appropriate parties for opinions. The SPMC is financed by the Municipal Government of Seoul.

6.8 The staff of the SPMC is paid by the Municipal Government of Seoul.

⁸ Bus operators are members of the Seoul Bus Company Association.

Mayor of Seoul

6.9 Since July 1995, the Mayor of Seoul has been elected by the citizens of Seoul for a term of three years from 1996 to 1998. The salary of the Mayor is paid by the Municipal Government of Seoul.

Experience of Fare Revision

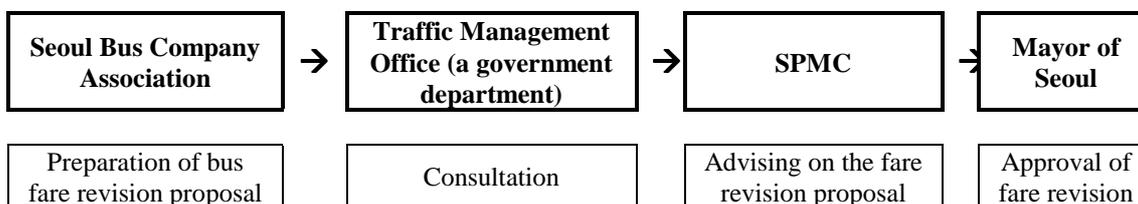
6.10 Bus fares are usually revised annually, but the frequency may change if necessary. During 1990-1996, bus fares were adjusted once a year, except in 1995 when fares were raised twice.

6.11 The reply to the RLS shows that there are always some differences between the proposed fare increases (those proposed by the Seoul Bus Company Association) and the actual fare increases.

6.12 In 1996, for instance, city bus fare was raised from 360 won to 400 won, although the proposed fare was up to 500 won.

6.13 The Mayor of Seoul has so far accepted the recommended bus fare increases of the SPMC.

6.A Bus Fare Revision Process in Seoul



Source : Municipal Government of Seoul.

6.B Authorities Involved in the Bus Fare Revision Process in Seoul

Official Advisory Body	Approving Authorities	The Legislature	Authorities with Veto Power	Appeal Channel
SPMC	Mayor of Seoul	nil	nil	Nil

Source : Municipal Government of Seoul.

6.C Details of Authorities Involved in the Bus Fare Revision Process in Seoul

Authorities	SPMC	Mayor of Seoul
- functions	advising on fare revision proposal	approving authorities
- legal status	Statutory	not applicable
- source of financing	Municipal Government of Seoul	Municipal Government of Seoul
- general meetings	- four times a year - not open to public	n.a.
Members	14; appointed	not applicable ¹
- salaries (financed by)	n.a.	Municipal Government of Seoul
- term	Two years	three years
Staff Support	n.a.	n.a.
- salaries (financed by)	Municipal Government of Seoul	Municipal Government of Seoul

Remark : n.a. represents information not provided to the RLS.

1. The Mayor of Seoul is elected by the citizens of Seoul.

Source : Municipal Government of Seoul.

PART 3 --- GOVERNMENT-OWNED CITY BUS SERVICES

7. Paris

7.1 City bus services in Paris are provided by the Régie Autonome des Transports Parisiens (RATP), a government-owned enterprise. The RATP also provides underground transit services in Paris. The RATP is under the monitoring of the Syndicat des Transports Parisiens (STP), a government body. The RATP is under the subsidy of the State and local Governments.

Régie Autonome des Transports Parisiens

7.2 The management board of the RATP comprises 27 members; nine are representatives of the State Government, nine nominated by decree, and nine representatives of the public.

Syndicat des Transports Parisiens

7.3 Since 1959, the STP has been responsible for organizing the public transport system in Paris. The STP is also responsible for the fare policy, the approval and management of the transport operator and transit routes.

7.4 The STP is a government body which operates under the STP Administration Council. The STP Administration Council comprises 24 members: 12 State Government officials including the Department of Police, Ministry of Finance, and Ministry of Transport whilst the remaining 12 represent local Government. If the votes are equal, the President has a deciding vote. The President is the Director of Police Force for the Paris region who is nominated by the State Government.

7.5 The STP has an independent budget of which the “Employer’s Tax” is the main financing source (97%). The “Employer’s Tax” is an amount paid by the employer directly to STP for the transport expenses of its staff.

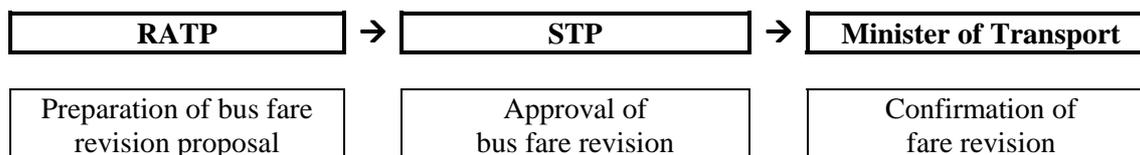
Fare Approval Process

7.6 The STP fixes the fares for the RATP with the objective of balanced financing of the operation. When the STP decides to modify the fares, it notifies the Ministry of Transport. The proposed fares become effective if the Minister of Transport does not disapprove it, taking into account the advice of the Minister of Finance. Fare increases usually take place in August of the year.

7.7 If the Minister of Transport disapproves or approves only a part of the STP proposal, the resulting deficit for the RATP is compensated by the State and local Governments.

7.8 In Paris, there are no official advisory bodies in the fare revision process. Fare revision proposal is not submitted to the legislature for deliberations and approval. There are no appeal channels for the operator or for the passengers.

7.A Bus Fare Revision Process in Paris



Source : Syndicat des Transports Parisiens.

7.B Authorities Involved in the Bus Fare Revision Process in Paris

Official Advisory Body	Approving Authorities	The Legislature	Authorities with Veto Power	Appeal Channel
nil	STP	nil	Minister of Transport	nil

Source : Syndicat des Transports Parisiens.

7.C Details of Authorities Involved in the Bus Fare Revision Process in Paris

Authorities	STP
- functions	Approving authorities, organizing public transport in Paris
- legal status	government department
- source of financing	State and local Governments
- general meetings	n.a.
Members	24 (12 State Government officials and 12 local Government)
- salaries (financed by)	n.a.
- term	n.a.
Staff Support	n.a.
- salaries (financed by)	State and local Governments

Remark : n.a. represents information not provided to the RLS.

Source : Syndicat des Transports Parisiens.

8. Toronto

8.1 City bus services are provided by the Toronto Transit Commission (TTC). The TTC comes under the subsidy of the Municipality of Metropolitan Toronto (MMT) and the Province of Ontario.

Toronto Transit Commission

8.2 The TTC was established in 1954 as a public corporation under the jurisdiction of the MMT. As such, it is a public corporation, accountable to the MMT.

8.3 The TTC is responsible for coordinating local public passenger travel within Toronto. The major duties include establishing transport policy, budgeting, as well as monitoring the quality and efficiency of TTC services.

8.4 Fare revenue covers around 65% of the operating cost of the TTC, with the balance being financed by the MMT and the Province of Ontario.

8.5 The TTC comprises seven members, all of whom are appointed by the MMT for a term of three years. Salaries of the members are determined by the MMT. The TTC meets once every two weeks.

8.6 The TTC currently employs about 9,500 staff, who are accountable to the TTC only. Salaries of the staff of the TTC are also paid by the MMT and the Province of Ontario.

Municipality of Metropolitan Toronto

8.7 The MMT is responsible for the overall administration of Toronto. It comprises 17 members, all of whom are elected by the citizens of Toronto for a three-year term. The elections usually take place in November, with the new term beginning on 1 December of that election year.

8.8 The reply to the RLS indicates that although the TTC is accountable to the MMT, the MMT does not have the authority to veto TTC's decision on fares. Nevertheless, the MMT can influence fares indirectly by adjusting the annual subsidies to the TTC.

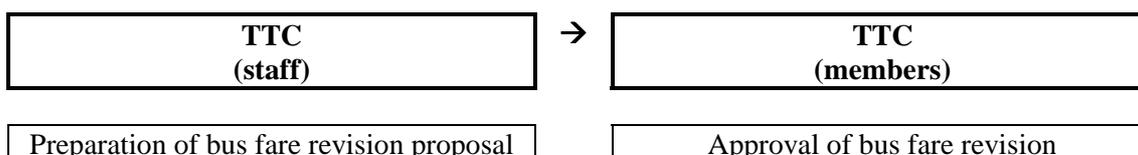
8.9 The MMT encourages the public to attend its meetings. Meetings are normally held at three-week intervals on Mondays.

Fare Approval Process

8.10 In the bus fare revision process, TTC staff make recommendations on fare increases direct to the TTC for approval.

8.11 While individuals and user groups can express their opinion to the TTC, there are no official advisory bodies in the fare revision process. Fare revision proposal is not submitted to the legislature for deliberations and approval. There are no authorities which have the power to veto the decision of the TTC. There are no appeal channels for the operator or for the passengers.

8.A Bus Fare Revision Process in Toronto



Source : Toronto Transit Commission.

8.B Authorities Involved in the Bus Fare Revision Process in Toronto

Official Advisory Body	Approving Authorities	The Legislature	Authorities with Veto Power	Appeal Channel
nil	TTC	nil	nil	nil

Source : Toronto Transit Commission.

8.C Details of Authorities Involved in the Bus Fare Revision Process in Toronto

Authorities	TTC
- functions	operator, coordinator of local public passenger travel
- legal status	Statutory
- source of financing	MMT and the Province of Ontario
- general meetings	once every two weeks
Members	seven; appointed
- salaries (financed by)	MMT and the Province of Ontario
- term	three years
Staff Support	around 9,500 staff
- salaries (financed by)	MMT and the Province of Ontario

Source : Toronto Transit Commission.

9. New York

9.1 The Metropolitan Transportation Authority New York City Transit (MTANYCT), a government-owned enterprise, provides city bus services. It is a subsidiary of, and monitored by, the Metropolitan Transportation Authority (MTA).

Metropolitan Transportation Authority

9.2 The MTA was established by an act of the Legislature of New York State in 1965. Its operations are governed by the Public Authorities Law. At the same time, it has to comply with regulations promulgated by the Federal Transit Administration.

9.3 The MTA comprises 17 members, appointed by the Mayor of New York City who is elected by the citizens of New York City. Salaries of the members are paid by the New York State and the Federal Governments. Besides, there are two non-voting seats: a representative from labour unions and a member of the Permanent Citizens Advisory Committee (PCAC).

9.4 The MTA is financed by subsidies from the New York State and the Federal Governments.

9.5 The MTA is supported by around 12,000 staff. Salaries of the staff are paid by the New York State and the Federal Governments.

Fare Approval Process

9.6 City bus fares in New York are determined by the MTA. During the fare revision process, user groups are consulted. The official user group is the PCAC. The PCAC plays an advisory role in the fare revision process.

9.7 The MTA is required by the State Law to hold public hearings prior to revising bus fares. The PCAC always testifies at these hearings. After consultation and public hearings, the MTA determines the bus fare increases.

9.8 The fare revision is not required to be submitted to the legislature for deliberations and approval. No authorities can veto these decisions and there are no appeal channels for the operator or for the passengers.

Permanent Citizens Advisory Committee

9.9 The PCAC comprises three Councils: the New York City Transit Riders' Council (NYCTRC), the Long Island Rail Road Commuter's Council (LIRRCC), and the Metro-North Rail Commuter Council (MNRCC).⁹ The PCAC serves as an umbrella organization to coordinate the activities of the three Councils.

9.10 The members of all three Councils are nominated by locally elected officials and these nominees form the PCAC. Members do not receive any salaries for serving the Councils, but expenses are reimbursed.

9.11 The NYCTRC comprises 15 members: five members are nominated by the New York City Mayor, five by the New York City Public Advocate, and five by the Borough Presidents (each of the five Borough Presidents nominates one member). The members of the NYCTRC are appointed for a specific term as determined by the New York City Mayor.

9.12 While the New York City Mayor and the New York City Public Advocate are elected by New York citizens, the five Borough Presidents are elected by the citizens of the borough. The New York City Mayor, the New York City Public Advocate, and the five Borough Presidents all serve for a term of four years.

9.13 Both the LIRRCC and the MNRCC comprise ten members. They are nominated by locally elected officials of different boroughs.

9.14 The three Councils normally meet once a month, while the PCAC meets four times a year. All meetings are open to the public, as required by the New York State Open Meetings Law.

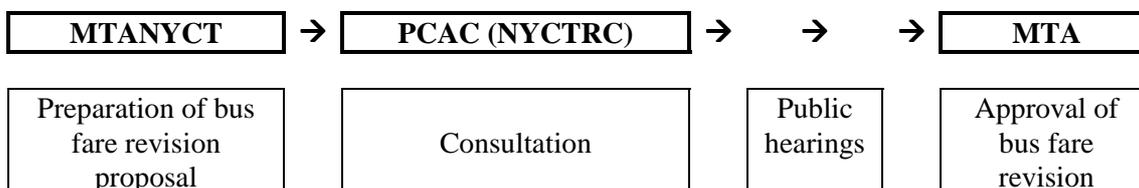
9.15 The MTA provides funding and office space to the PCAC. The PCAC has five supporting staff. Although the funding for the staff comes from the MTA, the supporting staff are accountable only to the PCAC.

Experience of Fare Revision

9.16 The reply of the PCAC to the RLS indicates that the PCAC's position in fare revision is always different from that of the MTA. Since the PCAC represents the interests of transit riders, the PCAC always opposes to any fare increase which the MTA proposes. However, its reply also indicates that the MTA has the final power to determine the bus fares.

⁹ In general, the LIRRCC and the MNRCC are responsible for rail-related issues, while the NYCTRC is responsible for other issues.

9.A Bus Fare Revision Process in New York



Source : Metropolitan Transportation Authority.

9.B Authorities Involved in the Bus Fare Revision Process in New York

Official Advisory Body	Approving Authorities	The Legislature	Authorities with Veto Power	Appeal Channel
PCAC (NYCTRC)	MTA	Nil	nil	Nil

Source : Metropolitan Transportation Authority.

9.C Details of Authorities Involved in the Bus Fare Revision Process in New York

Authorities	PCAC	(NYCTRC)	MTA
- functions	Advising on transport-related issues		approving authorities
- legal status	Statutory		Statutory
- source of financing	MTA		State and Federal Governments
- general meetings	- four times a year - open to public	- once a month - open to public	n.a.
Members	35 Nominated by locally elected officials	15	17 Appointed
- salaries (financed by)	Members do not receive salaries		State and Federal Governments
- term	Determined by the Mayor		n.a.
Staff Support	Five staff		around 12,000 staff
- salaries (financed by)	MTA		State and Federal Governments

Remark : n.a. represents information not provided to the RLS.

Sources : Permanent Citizens Advisory Committee and Metropolitan Transportation Authority.

PART 4 --- ANALYSIS

Transport-related Advisory Bodies in Overseas Cities

10.1 None of the legislature of the six overseas cities covered in this study is involved in the fare revision process; neither is there an appeal channel for the bus operators or passengers.

10.2 In three cities, mechanisms are established to enable input from the passengers to be made in the fare revision process. Statutory advisory groups are set up in Seoul, London, and New York. Details are summarized in Tables 10.A, 10.B and 10.C on the next three pages.

Correlation

10.3 In this study, the RLS has not been able to draw any correlation between the establishment of advisory bodies and the ownership of the operator. Whether the provision of city bus services is made by a privately-owned enterprise or by the Government does not seem to have a logical relationship with the establishment of advisory bodies in the fare revision process.

10.4 In this study, the RLS has not been able to draw any correlation between the establishment of advisory bodies and the financing of operating costs. Whether the source of finance is from fares or from state grants or subsidies does not seem to have a logical relationship with the establishment of advisory bodies in the fare revision process.

10.5 In this study, the RLS has not been able to draw any correlation between the establishment of advisory bodies and the fare structure. Whether the fare structure is distance-based or flat does not seem to have a logical relationship with the establishment of advisory bodies in the fare revision process.

Veto Power and Appeal Channels

10.6 Only London and Paris have a reserve veto power vested with the Minister of Transport, who is an elected member of their respective legislature and a member of the Cabinet. No appeal channels are available in any of the six cities under study.

10.7 The RLS is unable to draw a correlation between the establishment of a veto power by the Minister of Transport and the relationship that exists between the Minister and the approving authority. Whether or not the approving authority is appointed by the Minister does not seem to reflect in the establishment of the Minister's veto power.

Fare Control Mechanisms

10.8 Since the legislature is not involved in any of the six cities under study, no subsidiary legislation has been enacted for bus fare control in these cities.

Conflicting Views between Approval Authorities and Official Advisory Bodies

10.9 The RLS received information from London and New York indicating that conflicts have occurred between the approving authority and the advisory body. These are two cities where an official advisory body exist and which includes people representing diverse community interests. These interest groups report that they have taken a position which is always different from that of the approving authorities. In Seoul, the only other city in our study which has an official advisory body, the SPMC has a different membership composition and advises on tariff increases of public utilities in addition to public transport in Seoul, and does not report having any conflicting views with the approving authorities.

Statistics on the Proposed and Approved Rates of Fare Increases of Privately-run Services

10.10 In Singapore, the PTC indicated that the city bus operators accepted the decisions of the PTC when their applications were considered and decided upon in the past six years. Bus fares were raised by 25% in 1990, after an interval for about nine years. This works out to be an annualized fare increase of around 2.5%, which was about the prevailing inflation rate of Singapore. However, the Singapore authorities did not give any explanation to the RLS whether any improvements were made in 1990 after a long period to justify a 25% hike. Subsequently, fares increased by ten cents in 1994 and in 1995. However, the RLS has not been able to ascertain the percentage increase in the fare revision of 1994 and 1995 due to the lack of information on specific routes and costs involved since the fare structure is distance-based. Between 1990 and 1995, average annual inflation rate was around 3%.

10.11 In London, past experience shows that the Secretary of State for Transport usually accepts the fare revision of the LT, with the exception in 1990. Bus fare increases have usually been higher than the inflation rate.

10.12 In Seoul, there are always some differences between the proposed fare increases (those proposed by the Seoul Bus Company Association) and the actual fare increases. In 1996, bus fare increase was 11%, which was higher than the inflation rate. The RLS asked for but the Seoul authorities did not provide information on fare increases for the years preceding 1996.

10.13 Bus services in the remaining three cities are government-owned. Statistics on the proposed and approved rate of fare increases are not within the scope of this study. For reference, the RLS sought these statistics in September 1996 for our previous study entitled *Monitoring of Overseas City Bus Services*, but these three cities did not provide the RLS with any such statistics.

10.A Transport-related bodies in overseas cities : Privately-owned City Bus Services

	Singapore	London	Seoul
<i>Operator</i>	SBS and Tibs	Ten private operators in 1994	Around 90 private operators
<i>Authority of Optional Consultation</i>	Land Transport Authority (LTA) -- 13 members; appointed by the Minister of Communications	nil	nil
<i>Authority of Obligatory Consultation</i>	Nil	Department of Transport	Traffic Management Office
<i>Official advisory body</i>	Nil	London Regional Passengers Committee (LRPC) -- members appointed by Secretary of State for Transport from a nominated list of organizations representing various interest groups	Seoul Price Measures Committee (SPMC) -- statutory body with 14 members, appointed by the Mayor of Seoul
<i>Financing of operating costs</i>	100% fares + commercial sources	96% fares + commercial sources; 4% grants/subsidies	100% fares + commercial sources
<i>Fare structure</i>	Distance-based fare	distance-based fare	flat fare
<i>Approving authority</i>	Public Transport Council (PTC) -- 13 members; appointed by the Minister of Communications	London Transport (LT) -- 11 members appointed by Secretary of State for Transport	Mayor of Seoul -- elected by the citizens of Seoul
<i>Veto power</i>	Nil	Secretary of State for Transport -- elected Member of Parliament, Cabinet member	nil
<i>Experience of conflicting views between official advisory body and approving authority</i>	Nil	Only once: in 1990 Secretary of State for Transport disapproves LT fare revision which was higher than prevailing inflation	nil

Sources : Land Transport Authority, Public Transport Council, London Transport, London Regional Passengers Committee, and Municipal Government of Seoul.

10.B Transport-related advisory bodies in overseas cities : Government-owned City Bus Services

	Paris	Toronto	New York
<i>Operator</i>	RATP	Toronto Transit Commission (TTC)	Metropolitan Transportation Authority (MTA)
<i>Authority of Optional Consultation</i>	Nil	nil	Nil
<i>Authority of Obligatory Consultation</i>	Nil	nil	Nil
<i>Official advisory body</i>	Nil	nil	Permanent Citizens Advisory Committee (New York City Transit Riders' Council) -- members are nominated and appointed by locally elected officials
<i>Financing of operating costs</i>	Bus + rail: 39% fares + 8% commercial sources; 25% employers tax; 28% grants/subsidies	65% fares + commercial sources; 35% grants/subsidies	58% fares + commercial sources; 19% grants/subsidies; 23% taxes
<i>Fare structure</i>	Distance-based fare	flat fare	flat fare
<i>Approving authority</i>	Syndicat des Transports Parisiens (STP) -- 24 members: 12 State Government officials + 12 local Government representatives	TTC -- public corporation; 7 members appointed by Municipality of Metropolitan Toronto (MMT). MMT -- 17 members elected by citizens of Toronto	MTA -- public corporation; 17 members appointed by Mayor of New York City. Mayor of New York is elected by citizens of New York City
<i>Veto power</i>	Minister of Transport -- elected Cabinet member	nil	Nil
<i>Experience of conflicting views between official advisory body and approving authority</i>	Nil	nil	PCAC always has a different position from the MTA. MTA has the final power to determine the bus fares

Sources : RATP, Syndicat des Transports Parisiens, Toronto Transit Commission, Metropolitan Transportation Authority, and Permanent Citizens Advisory Committee.

10.C Official Advisory Bodies in the Bus Fare Revision Process of the Overseas Cities

	Privately-owned City Bus Services		Government-owned City Bus Services	
	London	Seoul	New York	
Official advisory body	LRPC	SPMC	PCAC	(NYCTRC)
- legal status	statutory	statutory	statutory	
- source of financing	Government	Municipal Government of Seoul	MTA	
- general meetings	Five times a year; open to public	four times a year; not open to public	four times a year; open to public	once a month; open to public
Members	25 ¹ ; appointed ²	14 appointed	35 nominated by locally elected officials	15
- salaries (financed by)	Government	n.a.	members do not receive salaries	
- term	n.a.	two years	determined by the Mayor	
Staff Support	15 staff	n.a.	five staff	
- salaries (financed by)	Government	Municipal Government of Seoul	MTA	

Remarks : n.a. represents information not provided to the RLS.

1. The London Regional Transport Act 1984 provides for the LRPC to have up to 30 members.
2. The members are appointed by the Secretary of State for Transport from a list of nominees suggested by such organizations as Chamber of Commerce, user groups, and interest groups.

Sources : London Regional Passengers Committee, Municipal Government of Seoul, and Permanent Citizens Advisory Committee.

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