

# Improving transport and transportation policy: Lessons from telecom

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# Why lessons from telecom?

- Similarities with transport sector
  - Opportunities for private participation throughout the system
    - But consumers of services do not have multiple suppliers at point of consumption, for the most part
    - Both require regulation
  - Interconnection is important (though in different forms)
  - New technologies capable of changing industry structure
  - Fundamental to functioning of economies and societies
- Both were “reformed” in Sri Lanka
  - Both were imperfect reforms, but
    - Excellent results in telecom
    - Possibly even a deterioration in transport

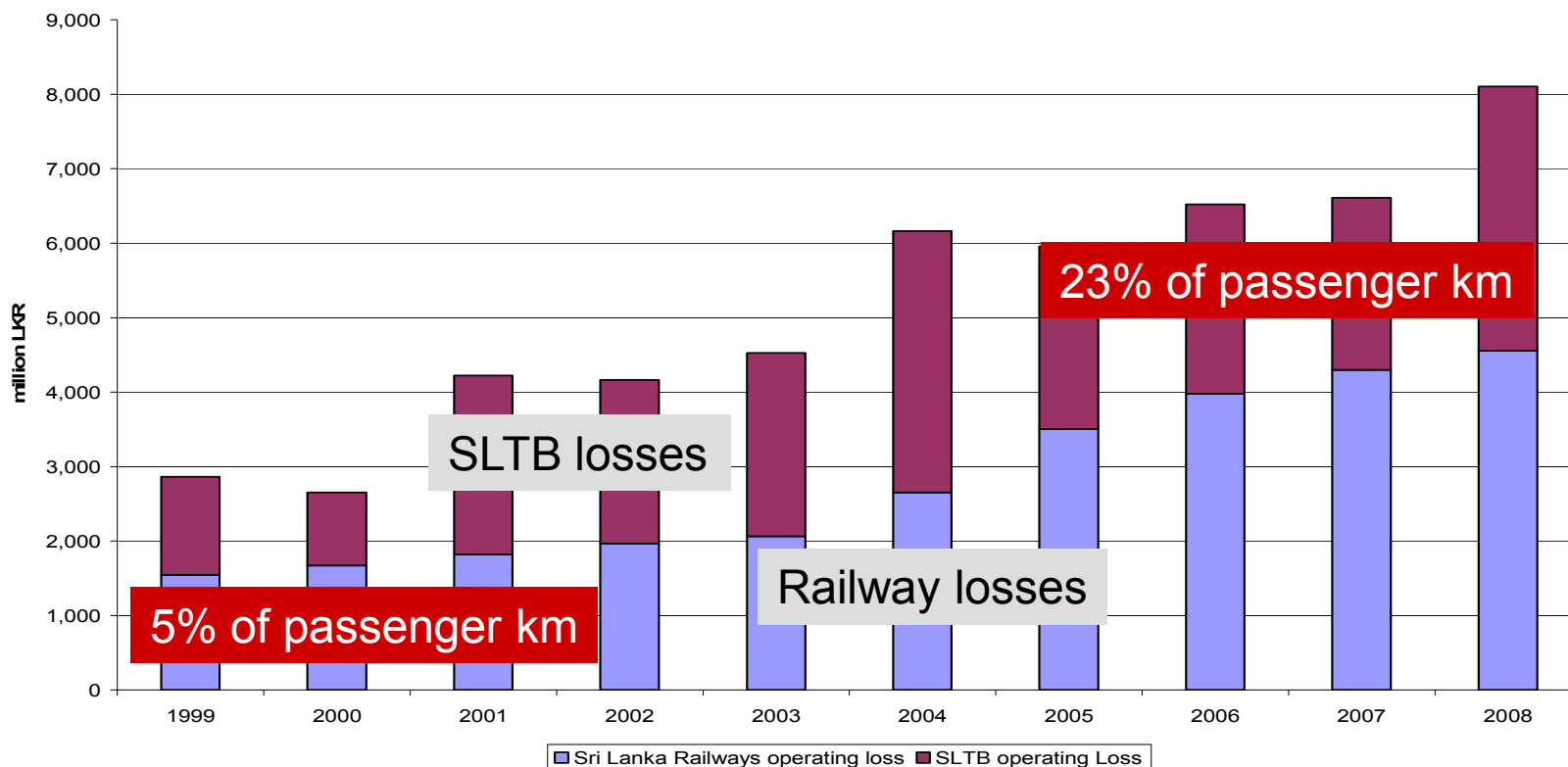
# Why look at telecom? User perspective

- Performance has improved
  - 12 million + phones; no waiting lists
  - Price among the lowest in the world
    - 7<sup>th</sup> cheapest among 77 emerging economies studied by Nokia in 2008; could be even cheaper now
    - Average for 77 economies was USD 10.88/month; Sri Lanka was around USD 4/month
  - Quality not great; but enough for purpose
  - Lots of choice
  - Lots of new services being made available

# Why look at telecom? Government perspective

- Telecom was a drain on taxpayer funds; now one of the largest contributors
  - Dividends from Sri Lanka Telecom
  - Tax collection (over 30 cents for every rupee spent on mobile calls)
  - Telecom Regulatory Commission contributes more to Treasury than Port or any of the State Banks

# Government-owned rail and bus service losses, 1999-2008: LKR 3,000 m → LKR 8,000 million



Source: Central Bank, Annual Report 2008

Contributing LKR 4,500 million all by itself in 2008, the TRC can cover the railway's losses, but not SLTB's also.

# National Transportation Policy does not allow for adequate private participation

- 3.3. Mission is to . . . .
  - *plan* such interventions for provision of the safe and efficient transport infrastructure and services;
  - *provide and/or procure* required services;
    - Seems extremely government-centric
- 3.5.5 “The Government will create an appropriate competitive environment wherein these market forces will be used to guide the transport system”

Competition guided by the same people responsible for the current mess?

# Government has no desire to pull back, despite abject failure in operating transport services

- 3.5.7 Government ownership in the strategically important enterprises in the transport sector will be continued. The Government while retaining its present infrastructure and areas of service provision will continue to invest in such operations in order to reduce monopolistic or oligopolistic behaviors in the market. It will also invest in areas where private sector is unwilling or where the market fails in delivering the desired objectives.

Losses are certain. Where will the money come from?

# More of the same in railways

- 3.5.9 The Government intends to develop the railway sector giving **the highest priority**. The government will explicitly seek **shift of passengers and goods transport from road to rail** . . . . The Sri Lanka Railways while continuing to be operated as a Government entity will be **committed to reform** . . . . Government will seek participation of the private sector where appropriate, to develop selected business areas such as **property development, multi-modal terminals, Inland container terminals**. This will be attempted while **preserving SLR's State sector identity and not losing its primary service orientation**.

To an entity that loses more money than the CTB, while carrying 1% of goods and 5% of passengers?

Except, of course, the commendable commitment to reform

Worth keeping an eye on



# If something has not worked for decades, keep doing more of the same?

- *Cujusvis hominis est errare, nullius nisi insipientis in errore perseverare (To err is human, to persevere in error is only the act of a fool)*
  - Marcus Tullius Cicero, Phillipics, XII, 2.
- *The definition of insanity is doing the same thing over and over again and expecting different results*
  - Albert Einstein

**Foolishness or insanity?  
Cicero or Einstein?  
Take your pick**

## Silence on post-conflict areas

- What weight should we give to a national policy that does not say anything about reconstructing the transport infrastructure in the North and the East?
- Does it give any guidance on the Uthuru Mithuru project to rebuild the track to KKS?

## Jaffna

(from Colombo 393 km)

UthuruMithuru.org



This is the largest city in the northern part of Sri Lanka. The railway station would require to be developed as the major passenger terminal in the north. Given the extent within which the residential areas are located, the station needs to have better connections with bus transport.

The upper floor of the station which was a very popular dormitory for low budget travelers will once again be revived along with a few commercial activities to ensure financial viability of these premises. These facilities can be well utilized during the festival season of the Nallur Kovil as well as for sight seers visiting places of national interest such as Naga Deepa and Point Pedro which is the northern most point of the country.



Jaffna station could be developed as a Tourist Station with facilities for authorized agents for transport, accommodation, tours etc which can be planned and provided as against the un controlled business that can develop in the absence of such arrangements which also brings associated problems with it. Jaffna Station can also be developed as a commuter station for people coming by train for work and school in Jaffna town from suburban townships.

# What are the chances of the Main Line . . .

- Reducing the losses of the Railway?
- Providing a quality of service to passengers that would make the trip attractive?
- Attracting passengers from air travel and buses?

# Regulation

- 3.5.3 “take all steps to ensure that the entirety of this sector will be regulated in order to fall in line with other service sectors such as health and education.”
  - Transport will be regulated like health and education! What a wonderful objective?
- 4.2.5 “Any dispute with the NTC on inter-provincial routes may be directed to the Ministry of Transport for settlement.”
  - Indicates Ministry is the ultimate regulator
  - Ministry is also responsible for SLTB: will this allow for fair treatment of private operators?
- Nothing about reforming the current regulatory agencies other than training and professionalism; nothing about preventing political appointments; improving transparency; appeals and reviews (except the Ministry)
  - Why would the performance of the regulatory agencies be any better in future?

# Interconnection = intermodalism

- Instead of consolidating “terminals” we have seen a trend to separate them even further
- 3.5.11 “The Government will in consultation with the relevant authorities, initiate the planning of a network of passenger terminals involving rail and road transport modes.”
  - Not a good sign, same issue discussed in 4.2.10
- Proof is in the pudding
  - Time tables essential for coordination: will they be enforced?
  - Will government and private buses use same terminals?
  - No action on ICTs for ticketing, still dealing with cash with all the problems of leakages

# New technologies

- 4.9 Plans to be made on road pricing to control congestion on a long-term basis, after everything else has been tried
  - Agree the road pricing will work best with e-payment system, but why not start on e-payment system now?
  - Nothing on highway and bridge tolls?
- Two and three-wheelers have been low-cost technologies that have transformed the transport landscape in the same way mobiles have changed telecom
  - Yet do they get more than passing mention?
  - Anything close to the attention the money-losing old-technology railway gets?

Table 1: New registrations by vehicle type, 2004-06

	2004	2005	2006
Buses	2,167	2,069	3,346
Private cars	19,116	17,283	27,578
Three wheelers	43,789	41,085	64,466
Dual purpose vehicles	10,736	6,851	7,245
Motor cycles	124,474	130,696	156,625
Goods transport vehicles	10,703	14,262	20,436
Land vehicles	12,857	17,423	20,825
Total	223,842	229,669	300,521

Half the vehicles on the road are motor cycles (52% in 2006); one fifth are three wheelers (21% in 2006)

Table 2: New registrations by vehicle type (percentages), 2004-06

	2004	2005	2006
Buses	1	1	1
Private cars	9	8	9
<b>Three wheelers</b>	<b>20</b>	<b>18</b>	<b>21</b>
Dual purpose vehicles	5	3	2
<b>Motor cycles</b>	<b>56</b>	<b>57</b>	<b>52</b>
Goods transport vehicles	5	6	7
Land vehicles	6	8	7
Total	100	100	100



**What is a national transportation policy that ignores 70% of the vehicles currently on the road and the massive tasks of rebuilding in the post-conflict areas?**