Introduction

Convenient and sustainable transportation systems are important for large cities, but providing such service is often as challenging as it is desirable. The population of the Seoul Metropolitan Area (SMA) expanded more than fivefold between 1955 and 2005; the SMA now houses more than 23 million residents, which is equivalent to 48 percent of the Korean population as of 2010. The number of trips per day within the SMA expanded accordingly, reaching 29.4 million in 2003. However, the public transportation system in the SMA was unable to keep pace with the growth in traffic. The SMA’s congestion cost was estimated at ₩6.7 trillion (approximately US$5.5 billion) in 2006.

To tackle this issue, the city government of Seoul began preparing a reform of the public transportation system in 2002, leading to the launch of the Public Transportation Reform System in 2004. The reform was comprehensive, systematic, and well organized. Its main focus was a change in the public bus system to enhance connectivity with the Seoul Metropolitan Subway (Metro) and customer service quality by incorporating information and communications technology (ICT). A number of institutional mechanisms for conflict management and consensus building were key to executing the complex reform in such a short period of time. The results of the reform were broadly positive in terms of quality of service, efficiency, and revenue intake, despite some caveats concerning the cost of the new system.

Development Challenge

The core development challenge was to improve public transportation in the SMA. At the start of the 21st century, this system was far from satisfactory; discomfort, crowding, and poorly distributed and congested bus routes led to falling ridership and revenues.

Intervention

Public transportation reform was begun in 2002 by a new mayor of Seoul, Lee Myung-bak. He had campaigned, in part, on pledges of public transportation reform.

Indeed, the system was in need of reform. Public buses were slow and overcrowded, and their operating schedule was unreliable. Bus accidents were common because of reckless driving, and many buses were not equipped with appropriate heating or air conditioning systems. Expansion of the bus system was cheaper than subway or road expansion, and bus transit was more flexible and easily accessible to citizens than were other forms of transportation.

However, the modal share of bus transit was low and decreasing, from 30.1 percent of travel in 1996 to 26.9 percent in 2002 (Seoul Metropolitan Government 2006). The low use of the bus system also affected the modal share of the Metro, which was 26.4 percent in 2003, much lower than what transport planners had expected. Although the Metro covered most of the city’s high-density districts and major suburbs, many studies concluded that without integrating with the bus system, the Metro could not keep up with the increasing volume of traffic.

The bus system was organized and managed by small and financially insecure private bus companies whose profits were heavily dependent upon so-called “golden routes” that followed major downtown trunk roads. Bus companies competed fiercely to secure and maintain these routes but neglected nondowntown routes. This concentration resulted in heavy congestion in downtown Seoul and an insufficient supply of bus routes in other areas. The bus companies also could not afford to invest in improvements, such as ICTs or better customer service. The result was a vicious cycle of reduced ridership; declines in operating revenue, profit, and quality of service despite high bus fares; and worsening of bus services.

Bus system reform was announced in March 2003, followed by the Public Transport Reform Program in 2004, to restructure the management and operation of bus services in the SMA as quasi-public. Simply put, private ownership would be fully maintained, but the operation and management of the buses would be entrusted to the city. In turn, the city would be able to implement a number of measures that Kim and Kwon (2019) characterize as follows:

The program consisted of seven elements: 1) overhauling the bus operating system and development of its support system; 2) restructuring bus lines and types; 3) [an] electronically controlled/managed bus operation and monitoring system; 4) establishment of city-bus joint business management center (later referred to as Business Management Center: BMC); 5) integration of the bus transit with the Metro system in terms of fare, operating lines and schedules, time intervals, and station locations; 6) installation of regional bus-exclusive median lanes; and 7) securing funds to streamline road space for flexible bus operation and also to compensate bus owners for financial losses that might accrue, in part, from switching bus routes and lines at the city’s determination of the public interest (Kim and Kwon 2019, 3).

Also, the smart card system, an integrated card system for both buses and the Metro, was combined with a distance-based integrated single-fare system. T-money (a smart card) and an advanced ITS (intelligent transportation system), which activated the TOPIS (Seoul Transport Operation and Information Service), were provided.

These changes required revising the fundamental framework underlying transportation in Seoul: from a private-oriented to a public-oriented system, from automobile-oriented to bus and Metro-oriented transit, and from a supply-driven to a demand-driven approach.

Addressing Delivery Challenges: Stakeholder Engagement, Opposition, and Lack of Consensus

Bus reform in Seoul was once considered as opening Pandora’s box because of the notoriously complex interests among stakeholders (Seoul Metropolitan Government 2006). Because the reform was comprehensive and fundamental, many key stakeholders opposed it in its initial stage, fearing threats to their interests. In fact, the pilot project in Gangbuk district in 2002 was ultimately unsuccessful because of strong resistance from the key stakeholders: (a) bus companies opposed the quasi-public management system and potential revenue losses, (b) bus drivers worried about job security, (c) police were concerned about safety on the median lane, (d) communities were concerned about losses to local business from relocating bus stops to the median lane, and (e) district (ward) offices were anxious about changes in the traffic flow. These stakeholders filed complaints to members of the National Assembly, the Ministry of Construction and Transportation, and the Office of the President, and bus drivers held rallies in protest of the new system.

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Upon expanding the pilot, the city government proactively addressed the conflicting interests of the stakeholders by creating a good-governance structure to engage with their diverse interests. Managing conflicts, coordinating interests, and building consensus constituted the priority in the process.

In August 2003, the city government convened stakeholders to set up the independent Bus Reform Citizens’ Committee (BRCC), which consisted of four members from civic organizations, three from bus companies, eight from academia who studied transport issues, and five from the city council and other related entities. The city government actively consulted with the BRCC about decisions and strongly encouraged the participation of ordinary citizens in the reform process. The city also held workshops with the bus companies, academics, and local officials to promote the city’s plan and address stakeholders’ concerns. It sent official mailings to 16,000 bus drivers to explain the rationale for the reform and detail the process, and it provided the drivers with specialized training sessions. The city government reassured the police when they raised safety issues and worked with the neighboring regional governments to strengthen interregional bus operations, address fare adjustment, and resolve other relevant issues.

Another crucial breakthrough came with the settlement of joint management of operating revenues. After the institutional arrangements were completed with the Passenger Transit Business Act amendment, a series of decisions directly linked to the finances and revenue of the bus companies were made: operating licenses for the so-called golden routes were limited to a maximum of six years after bidding was opened, and, most importantly, full compensation was offered for any loss of revenue caused by the shift to the quasi-public bus operation system.

By 2004, the city was able to resume the reform process, and the reform was successfully implemented in 2005.

Lessons Learned

Several factors enabled the successful reform of the notoriously complex problems facing Seoul’s transportation system in a relatively short period, including the comprehensive and simultaneous use of policy tools and evidence-based and timely decision making that was supported by highly motivated professionals inside and outside the city government.

Another crucial factor in Seoul’s public transportation reform was strong leadership, which created a virtuous cycle in the planning and implementation framework: institutional support led to executive capability, which facilitated the action plan for institutional support. The mayor and the city’s chief of transportation policy were determined to reform the public transportation system, and their vision was shared in a straightforward, practical, and results-oriented 12-page memo to gain support for the reforms.

Although the transportation reform was generally successful, the quasi-public operation of the bus system did pose a substantial financial burden to the city government of Seoul. At the onset of the reform, the city government bore large construction expenses, including for the new system’s major transfer centers (₩5 billion, approximately US$4.2 million). The most substantial cost, still ongoing, is the subsidy promised to the bus companies for quasi-public operation, which began at ₩210 billion (approximately US$175 million) in the second half of 2004 and had rapidly and continuously grown to ₩500 billion (approximately US$416 million) by 2012. This massive financial burden on the city government could, in the long term, prove a threat to the sustainability of the system (Lee and Jang 2015).

Bibliography


