

Position Paper on Creation of Special Mass Transit System Support Fund and the Proposed Amendments to the MVUC Act of 2000

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1. **Background:** This paper presents a discussion and position on three related measures seeking the creation of the *Special Mass Transit Support Fund* with corresponding proposed amendments to the relevant Sections in *R.A. 8794* or the *Motor Vehicle User’s Act of 2000*. The related Senate bills are:

SBN 446 – An Act Creating The Special Mass Transit System Support Fund, Reallocating The Disposition of Monies Collected From The Motor Vehicle User’s Charge, Amending For The Purpose Sections 7 And 8 Of Republic Act No. 8794, Otherwise Known As The Motor Vehicle User’s Charge Act of 2000 (by Senator Ralph G. Recto);

SBN 611 – An Act Creating The Special Mass Transit System Support Fund To Provide Additional And Long-Term Funding To Priority Mass Transit Projects In The Greater Metro Manila Area, Amending For The Purpose Sections 7 And 8 Of Republic Act No. 8794, Otherwise Known As The Motor Vehicle User’s Charge Act of 2000 (by Senator Ralph G. Recto); and

SBN 621 – An Act Creating The Special Mass Transit System Support Fund Amending For The Purpose Sections 7 And 8 Of Republic Act No. 8794, Otherwise Known As The Motor Vehicle User’s Charge Act of 2000 (by Senator Ralph G. Recto)

2. The Senate bills are common in that all three seek to create the “Special Mass Transit System Support Fund” but differ in the proposed disposition of funds that will require amendments to RA 8794. Below is a summary matrix.

Allocation of Monies from MVUC (MVUC Act of 2000)		Proposed Amendments		
		SBN 446	SBN 611	SBN 621
• Special Road Support Fund	80.0 %	25.0 %	MVUC from NCR 100% used for <i>mass transit fund</i> in GMMA;	MVUC 100% used for <i>mass transit fund</i>
• Special Local Road Fund	5.0 %	25.0 %		
• Special Road Safety Fund	7.5 %	-	MVUC for all other Regions follow original allocation of MVUC Act 2000	
• Special Vehicle Pollution Control Fund	7.5 %	-		
• <i>(Special Mass Transit Support Fund)</i>	-	50.0 %		

3. On the creation of the Special Mass Transit System Support Fund

Position

The common provision in the three bills of **earmarking or allotting funds for mass transit by creating the *Special Mass Transit System Support Fund*** is an agreeable and recommendable strategy to meet the country's sustainable development goals. Although the current thrust is to allow the private sector to fuel development projects (through PPP), the government must take the lead in addressing the pressing need for transportation service (a public good), by allocating funds to provide mass transit infrastructure.

It is consistent with the Philippine Development Plan. It is consistent with the National Environmentally Sustainable Transportation Strategy. The measure sends the correct message that for both economic and environmental sustainability, mass transit development should be pro-actively pursued by government, as is being done in many countries.

Availability of funds to implement mass transit projects would fuel the realization of additional mass transit systems finally being constructed and would result in a more environmentally sustainable urban transportation system. This scenario would further enhance economic development and would go a long way in addressing mobility issues that will also help alleviate poverty throughout the country.

Concerns

The proposed mass transit fund is intended for the construction/ improvement/ rehabilitation of our mass transit system including right-of-way acquisition. However, without the enabling environment including policies towards rationalizing land public transport services, and mindful master planning, successful implementation may not be attained. The responsible agencies should also commit to the formulation and implementation of progressive policies and transport plans that reflect a people-centered rather than vehicle centered transport system.

Case in point is that in reality, the country has had very limited master planning for mass transportation. Most cities, particularly those that are highly urbanized and requiring mass transport systems, do not have plans. Only a few have such plans outside Metro Manila including Cebu and Davao, and most are outdated and need significant updating.

Earmarking of the fund for implementation of mass transit projects also presumes that there is adequate absorption capacity of concerned institutions (DPWH, DOTC, DILG, and LGUs) to utilize the funds as intended. Institutional and political mechanisms must ensure this. Research and capacity building are support activities to this concern as well.

4. On SBN 446 proposed amendments

While the creation of the mass transit fund is desirable, the resulting loss of special funds for road safety and vehicle pollution control would be counterintuitive with respect to sustainable transportation strategies. Road safety and deterioration of air quality remain to be important issues in the transportation sector.

The significant decrease in allocation for the Special Road Support Fund from 80% to 25% will be expected to have a negative impact on the maintenance of our National Roads unless such needed resource is available elsewhere or is already covered by funds allocated to DPWH under the General Appropriations Act. The increase in Special Local Road Fund allocation from 5% to 25% on the other hand is a welcome development because it provides significantly help in maintaining local roads.

5. On SBN 611 proposed amendments

With MVUC monies from NCR allocated entirely to the special mass transit support fund, Greater Metro Manila Area (GMMA) would be able to build the much needed mass transit systems in the city. Since GMMA is the economic center of the country, improving transportation situation by provision of mass transit infrastructure is expected to translate to economic growth for the country as well.

There is concern on resulting loss of funds for road maintenance, road safety, and vehicle pollution control for roads in NCR unless such needed resource is sourced elsewhere (i.e., already included in the GAA rather than being dependent on the special fund)

A second concern is that while GMMA is the largest and most economically influential urban center, other Regions also have large and emerging conurbations that require some share of mass transit system development and would need funding as well. To address this concern, the Special Vehicle Pollution Control Fund (7.5% of MVUC monies) could also be tapped for mass transit. This would make sense since use of mass transit will contribute to the reduction in air pollution by minimizing trips made by individual private automobiles or other less efficient modes of public transportation.

6. On SBN 621 proposed amendments

Allocating all MVUC monies entirely for the Special Mass Transit Support Fund would provide the maximum possible funding to the effort of providing a more efficient public transit system in the country. However, 100% allocation may not be reasonable because although the idea of charging motor vehicle users (road users) to fund public transportation is somehow consistent with the *polluter's pay* framework, motor vehicle users still damage roads.

Resources to fund road improvement and road safety are still needed. To possibly address this, it may be worthwhile to consider channelling the revenues from mass transit operation to support road improvement, too.

Another significant impact of this amendment is the major institutional shift of MVUC monies utilization from DPWH to DOTC. Here lies an issue on absorption capacity of the concerned institution and the readiness of institutional and political mechanisms to ensure efficient implementation nationwide. For instance, the DOTC does not have regional or local government presence unlike the DPWH which is branched out from national, to regional, and to local level.

7. Conclusion and Recommendation

The UP NCTS is in favor of the creation of the Special Mass Transit Support Fund. It is high time for the government to give funding support to mass transit infrastructure development but road maintenance, road safety, and vehicle pollution control support must have continued support as well. Institutional capacity of DOTC, and supporting policy and master plans to utilize the funds for implementing mass transit projects must be put in place.

With regard to disposition of MVUC monies, we favor a modified SBN 446 that would still have some allocation for the Special Road Safety and Vehicle Pollution Control Funds. As a public good, committed funds for mass transport (rail, bus rapid transit, etc.) should not be just for Metro Manila but for other large cities around the country as well.

The restructuring of the MVUC that entails the creation of a Special Mass Transit Fund is timely and necessary in light of the needs for mass transport systems in our cities. Obviously, the fund will be limited and will not be enough to build the required mass transport infrastructure such as rail and bus systems. As such there should be a framework or a master plan to guide government, the private sector and the relevant international development agencies in identifying and prioritizing mass transport projects for implementation throughout the country.