

News from Europe

● The European Court of Justice rules that financial support which only represents compensation for public service obligations imposed by authorities does not have the status of State aid

The European Court of Justice released on 24th July its long awaited judgement in the Magdeburg-Altmark case, which refers to the legal nature of financial compensations granted by public authorities to companies in the transport sector.

The Court ruled that there is no advantage, and therefore no State aid, where a financial measure must be regarded as compensation for the services provided by the recipient undertakings in order to fulfil public service obligations. However, for such compensations to escape classification as State aid, four conditions must be satisfied.

Firstly, the recipient company must actually have public service obligations to fulfil and those obligations must be clearly defined. Secondly, the parameters on the basis of which the compensation is calculated must be established in advance in an objective and transparent manner. Third, the compensation cannot exceed what is necessary to cover all or part of the costs incurred in the fulfillment of the public service obligations, taking into account the relevant receipts and a reasonable profit. Fourth, where the undertaking is not chosen in a public procurement procedure, the level of compensation must be determined by a comparison with an analysis of the costs which a typical transport company would incur (taking into account the receipts and a reasonable profit).

The European Commission thinks that the judgement doesn't remove all legal uncertainties, and that there is therefore still a need for a new regulation on public service requirements and public service contracts, which has been on the table of the Council of ministers of transport for more than a year.

<http://curia.eu.int/en/actu/communiqués/cp03/aff/cp0364en.htm>

● European Directive on biofuels adopted

The European Council of Minister of Transport approved on 8 April the biofuels directive already adopted by the European Parliament. Member States must transpose this directive into national laws before 31st December 2004.

The directive lays down targets for the progressive introduction of biofuels derived from agricultural, forestry and organic waste products between now and 2010. For the first time, each Member State will have to set targets for the market share of biofuels. These targets will have to be based on challenging benchmarks set by the directive: 2% market share by December 2005; 5.75% market share by December 2010. Any country setting lower targets will have to justify them using objective criteria.

Member States must announce by July 2004 the first biofuel targets to be achieved by December 2005. The Commission will undertake an evaluation of the implementation of the Directive before the end of 2006 and will then decide whether further legislative proposals are required.

Biofuels being currently more expensive to produce than petrol or diesel, the Commission has proposed that Member States should have greater powers to levy lower fuel duties on biofuels to enable them to be affordable to individual or corporate buyers.

The use of biofuels can help to reduce European greenhouse gas emissions, as agreed in the Kyoto protocol. The CO₂ emissions produced by using biofuels in transport are balanced by the CO₂ absorbed by the plants as they grew, before being made into biofuels.

www.europa.eu.int

● Fuel duty rebate for biodiesel used by public transport in the United Kingdom

The British government announced at the end of 2002 that local bus operators in the UK will be eligible for a 100% rebate on biodiesel, which is made from recycled waste vegetable oils or virgin rapeseed oils. Biodiesel can be used as a blend (normally at 5%) in all regular diesel engines. Higher blends and even pure biodiesel can also be used, but this usually requires engine modification. Biodiesel offers significant CO₂ savings and is also sulphur free.

100% duty rebates are also available to operators using road fuel gases, LPG and CNG in their buses.

www.dft.gov.uk

News from the companies

● Rescue plan for ALSTOM

The French manufacturing corporation Alstom, a leading company in energy and transport infrastructures markets worldwide with a turnover of € 23 billion in 2002 and 120,000 staff members, secured in August a financial package of € 2.8 billion. A conjunction of heavy debt (€ 4.9 billion) and low level of orders had brought the company close to bankruptcy. The agreement signed with the banks and the French State (which will buy € 300m of capital increase and guarantee new loans) will have to be approved by the European Commission to enter into force.

www.alstom.com

News from EMTA

● EMTA Workshop on accessibility of public transport systems to people with reduced mobility

At the occasion of the European Year of People with Disabilities, EMTA will organise on 19th November 2003 in Brussels a workshop on the issue of accessibility of public transport systems to people with reduced mobility. This workshop will focus mainly on the role of public transport authorities for the improvement of accessibility to public transport systems and the key role of information.

● Contributions of EMTA authorities to the European research programme on integration of public transport systems

EMTA is actively involved in the European research programme on integration of public transport systems of the European Commission. Some member authorities (Barcelona, Brussels, Genoa, Paris) have contributed case studies highlighting the role of public transport authorities to achieve a high level of integration of networks in the interest of passengers. These case studies can be downloaded from EMTA's website (section Publications).

● Survey on funding of public transport systems through land value capture

Following the workshop organised last October on the issue of transport and land use policies, a working group bringing together five EMTA transport authorities (Barcelona, Dublin, London, Madrid and the West Midlands) has decided to survey the potential new sources of funding of public transport systems that could derive from a partial capture of the land value increases connected to the existence of efficient public transport systems. The results of this survey will be available in Spring 2004.

www.emta.com

News from the cities

● Launch of car-sharing in BRUSSELS

The first four car-sharing stations of the Belgian capital city were inaugurated last May. This project, called **Cambio**, was developed jointly by Taxistop, a non-profit organisation, and STIB, the public transport operator of Brussels, which intend to open two new stations in a near future. Surveys showed that **each car from a car-sharing scheme has the potential to replace between four and ten private cars**, and that car-sharing is less expensive than owning a private car up to 12,000km a year.

The Region of Brussels will support the launch of the initiative with a subsidy of € 150,000 on 4 years, and it intends to promote the use of clean vehicles by car-sharing.

Brussels is the fourth city in Belgium to set up a car-sharing scheme.

www.cambio.de

● GÖTEBORG: new high class bus service inaugurated

Västtrafik, the regional transport authority in West Sweden, introduced last January the first of a series of "Bus trunk lines" in the city of Göteborg, the second largest city in Sweden (0,5 million). This line, which links the northern bank of the river Göta alv with the city centre and the south-western suburbs, has an improved service with high class buses, frequent service (5 minutes in peak hours and 10 minutes in off peak) and improved bus stops. **The line operates in dense areas, where tramways could have been an alternative.** The concept of bus trunk lines is indeed to use many of the ideas that have proved successful with modern tramways. The routes have dedicated lines on most of their itinerary, enabling high commercial speed. Boarding is allowed at all doors like in tramways and contrary to normal bus routes, which can only be boarded through the front door. 17 new Volvo CNG buses with a special design are used for the first line, and two more lines will follow in 2004-2005.

www.vasttrafik.se

● 30 successful years of public transport organisation in GLASGOW

Strathclyde Passenger Transport (SPT), the public authority responsible for the transport systems of the Glasgow-West central Scotland area (1.6 million inhabitants), celebrated its 30th birthday last June. The past 30 years have seen major projects of modernisation and extension of the public transport systems of the largest urban area of Scotland thanks to SPT's involvement:

- the complete modernisation, in the late 1970's, of the subway, which is the third oldest underground system in the world (inaugurated in 1896 after those in London and Budapest), totally owned and operated by SPT. Latest upgradings of this network of 15 stations served by a 10km double track carrying 15 million passengers a year, comprise the opening of four park and ride (P&R) facilities, a new digital CCTV video-monitoring system covering all platforms,

stations and entrances, and the introduction of new ticketing systems.

- the launch of ZoneCard, the UK's largest multi-modal ticket initiative covering rail, bus, subway and ferry services.

- the electrification of rail lines, and the opening of new stations and line routes on the rail network thanks to total investments of £400 million (€ 560m). As a result, Strathclyde now has the biggest and busiest suburban rail system in the UK outside London, with 181 stations and 530km of tracks.

- the modernisation of Dial-a-Bus door-to-door accessible service for people who can't use ordinary buses.

- the introduction of a computerised Journey Enquiry Support System for the 12 travel centres run by SPT across the Strathclyde area, which deal every year with more than one million enquiries.

SPT has set itself the target of increasing by 25% the number of public transport journeys by 2011. To achieve this ambitious goal, the authority intends to buy new trains for the rail network, to build a rail link to Glasgow airport and to investigate other heavy rail projects, to open new P&R facilities, and to introduce new standards of real time information at all bus stops.

www.spt.co.uk

● LISBON: A tramway on the south bank of river Tagus in 2005

After the opening in 1999 of Fertagus, a new railway line linking the centre of Lisbon with the southern bank of the river Tagus (see *EMTA News* n°8), where one fourth of the 2.6 million inhabitants of the metropolitan area of the Portuguese capital city live, a tramway network is being built on the southern bank of the river.

The first phase of the project, that consists in **three routes** serving the municipalities of Almada and Seixal, (310,000 inhabitants altogether), will start operations in December 2005. **The network will have a total length of 13.6km**, and will reach 28km in a second phase. Routes, that will provide connections with heavy rail Fertagus stations and ferry boats, will be operated from 5am to midnight, and the **commercial speed of the 24 Siemens Combino trams that have been ordered will reach 22km/h on average.** The vehicles, that will be air-conditioned, will have a capacity of 225 passengers (75 seated among them), and will provide easy access thanks to their low floor. **28 millions passengers are expected to travel on the three lines every year.**

The total cost of the project is estimated at € 320 million. The Portuguese government will bring € 190m and the European Union € 75m. MST, the consortium that has been selected in 2002 by the government to build the system and operate it for 30 years, comprising the Portuguese transport company Barraqueiro and German manufacturer Siemens, will bring € 55m, that will mostly consist of the rolling stock and of ticketing systems.

The building of the lines will provide opportunities of urban renewal of brownfield areas and of improvement of public spaces (trees, new pavements, bicycle lanes).

www.mst.pt

● A railway station will be built by property developer in LONDON

The Strategic Rail Authority, the authority responsible for the British railways, announced last June that the property developer Saint-Georges will build and fully finance a new train station in line with a large urban development project called Imperial Wharf. This new urban area, which is located along the river Thames in the Chelsea area, will comprise 1,600 flats, 170,000m² of offices, commercial and leisure areas, and a public park on a 13 hectare brownfield regeneration project. The station, that will provide connections with the major interchange of Clapham Junction, may open in early 2005.

www.sra.gov.uk

● Towards regional fare integration in the metropolitan areas of NORTH RHINE WESTFALIA (Germany)

The authorities responsible for public transport organisation in the metropolitan areas of Cologne (Verkehrsverbund Rhein-Sieg), of the Düsseldorf-Dortmund-Ruhr area (Verkehrsverbund Rhein-Ruhr) and Aachen (Aachener Verkehrsverbund) agreed to accept on their public transport networks tickets bought in the other two areas as of 1st August. This shall facilitate public transport trips across the administrative limits of the transport authorities, and make trips cheaper for passengers. **11 million people live in these three urban areas altogether.**

www.vrrr.de - www.vrsinfo.de - www.avv.de

● New start for the metro in THESSALONIKI

The hopes for Thessaloniki, the second largest metropolitan area of Greece (1 million inhabitants), to have in 2006 a fully automated metro system are fading. The latest project, that was signed in 1999 between the Greek government and the private consortium Thessaloniki Metro Company, bringing together rail manufacturer Bombardier and civil works company Bouygues, **was cancelled in August by the Greek government because it failed to secure private financing.** This new blow to a more than ten-year old project illustrates the difficulties to bring private investors to fund some public transport investment projects.

The first bids had been submitted in 1993 with interest coming from all the main rail manufacturers (Adtranz, Siemens, Alstom and Bombardier). The contract was first awarded to a consortium led by Adtranz, but the Greek government then disqualified this bid and awarded the contract instead to the Thessaloniki Metro Company. This decision had led to legal cases raised by the Greek and European court of justice and the opening of

an investigation by the European Commission, that eventually cleared the project. After the latest cancellation, the Greek government announced that the project will be relaunched without private funds, and that it will be financed by the Greek government and the European Union.

The project itself concerns the building of an initial 9.4 km line of underground, double track light railway crossing the city from west to east, which will have 14 stations. The 36 twin-vehicle units that will serve the line were supposed to be adapted from the rolling stock used for London Docklands Light Railway. The line will have a capacity of 18,500 passengers in each direction during rush hours. 30 million passengers should use the new line every year, which shall enable much faster trips for people travelling in the city centre.

The total cost of the project is estimated at € 600 million, of which 244 million will come from European Union's structural funds.

In spite of the numerous delays, the Greek government says it will select a contractor to build the project in 2004, and that it still hopes to inaugurate the new line for 2008, since it is a key component of the candidacy of Thessaloniki to host the international exhibition Expo2008. <http://metrothessalonikis.tk/>

● VALENCIA: increased patronage and ambitious projects for public transport

The metropolitan area of Valencia (1.6 million inhabitants), the third largest urban area in Spain after Madrid and Barcelona, boasts one of the most extensive public transport systems in Spain. In 2001, 161 million trips were made on public transport outside heavy rail, representing about one third of all motorised trips in the urban area. After several years of falling patronage, the trend has been reversed since 1998, and the number of passengers has increased by 13% in four years. The main reasons for this positive trend seem to be the building and extension of underground lines on the one hand, and the introduction of fare integration, on the other hand.

As an example, the number of passengers using metro (46 million in 2002) increased by 14.2% between June 2002 and June 2003. This result is linked to the inauguration in April of the first section of the third underground line (L5), which is operated by Metrovalencia, (the trade mark of FGV, the Valencia regional public company responsible for regional railways). This new line, of a current length of 2.3 km, will connect the seafont with the airport in the future.

Projects of extension of the network, which already comprises 3 metro lines (L1, L3 and L5) and one tramway route (T4), are underway. The construction of a new tramway line (T2), counting 8 stations on its 4.3 km long route, of which 1.8 km will be underground, will be set up soon. It will connect the old city center with major public facilities and leisure areas. At the same time, the existing underground lines will be extended and a major interchange station (called Bailen) is being built now, close to the central rail station. This project, of a total cost of € 20million, will connect two underground lines with the suburban and the long distance rail network.

Lastly, a new public transport authority covering the whole metropolitan area, Entitat de Transport Metropolitana de Valencia (eTM), was set up in 2001 by the regional government so as to improve co-ordination of transport planning between the regional and the municipal levels, to manage integrated fares, to improve the quality of information delivered to passengers, and lastly to reorganise the provision of taxi services. Its objective is to increase the market share of public transport systems. www.etmvalencia.es

Focus

25 years of public transport reform in Sweden: a best practice of decentralisation, competition and coordination of services in the interest of passengers through strong and competent public transport authorities

The setting up of public transport authorities in Sweden in 1978, followed by the deregulation of local and regional public transport services in 1989 have led to some very positive results, in terms of growth of public transport supply and patronage, and of cost reductions. The strong focus put by the Swedish authorities on the issues of quality of service and accessibility of public transport systems to people with reduced mobility also illustrates the fact that competition for the award of transport contracts to companies can go hand in hand with ambitious social objectives. But this requires strong and competent public transport authorities.

The setting up of PTAs

The Authority Act of 1978 of the Swedish Parliament called for each county (21 in the whole country) to set up an authority having responsibility for local and regional road public transport before July 1981. The main responsibility of the public transport authority (PTA) was the determination of service supply and fare levels. Further, the authority could decide how public transport should be operated: by contractors or under its own management. Lastly, the authority was responsible for the financial balance of public transport operations.

The government analysed the various organisational forms possible for PTAs and decided that they should be an association between the local authorities and the County council of the county. The reason was that this solution made it possible to integrate local and regional public transport. Only in Stockholm was it decided that the authority would depend only on the County, because of the specificity of the capital city of Sweden (1.7 million inhabitants). However, the Bill

permitted lots of flexibility with regard to the organisation of the authority and the way operational deficits could be distributed between the different local authorities forming the PTA (usually half of the deficit for the County and the other half for the local authorities). In some cases, the responsibility for municipal services has been wholly or partly transferred from the PTA to the local authorities, called in this case "primary municipal public transport authorities".

The responsibility for local and regional train services as well as boat services was transferred to the PTAs in 1982 through a Parliament resolution, which also provided guidelines concerning financial compensation by the State to the PTAs until the end of 2001. Thereafter, no more government support is paid out for funding of local and regional public transport operations.

Lastly, PTAs have a key responsibility in improving the accessibility of regular public transport services, which, following

a parliamentary resolution of 2000, should be 100% accessible by the year 2010. So as to reach a good co-ordination, PTAs have the possibility to manage the local on-demand door-to-door services of the national service of transportation of disabled passengers, whose cost amounts to SEK 1.8 billion (€ 200m) nationwide per year for about 14 million trips. 405,000 persons, that is to say 4.5% of the country's population, is entitled to use this specific transport service.

Some positive results

The setting up of PTAs in all Swedish counties produced many positive effects in terms of traffic output and increased passenger trips, which took place mostly during the first years. Overall, service output measured in vehicle kilometres increased by 20% and travelling measured in passenger kilometres by around 30% during the period 1980-1984. The development of regional bus services, in which service output increased by 30% and travelling by 55% was extremely rapid,

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which meant a considerably more effective use of vehicles.

The evaluation shows that the total costs for public transport increased initially concurrently with the extension of services and that revenues were limited by the discounts introduced by PTAs. However, cost increases didn't exceed the inflation rate, and the degree of self-financing of operational costs by fare revenues increased from 38 to 42% during this period. Since then, the rate of covering of costs by fare revenues has increased further and amounted to 55% for 2000. This very positive result can be mostly explained by the introduction of competition in the second half of the 1980's, which led to strong increases in efficiency of operations, as will be shown below.

The introduction of competition

At the end of the 1980's, public transport patronage started to decline again. The PTAs argued that they had certainly become politically and financially responsible for traffic, but that they had not been given all the tools necessary to manage the system properly since they could not choose the operating company due to the monopolies of each operator on the existing routes ("grandfather's rights"). As a consequence, the Swedish Government decided in 1985 to give PTAs the right to purchase transport services under conditions adjusted to the market. Licences granted earlier to operating companies were cancelled after a transition period of four years expiring at mid-1989. A right of redemption of vehicles and other assets was introduced for operating companies who lost their licences and didn't wish to compete for the services awarded by the PTAs. The assets should be appraised at the amounts that could be expected at a sale under normal circumstances. The idea that operators should be entitled to compensation for the loss of the licence was rejected because the operations were unprofitable without public compensations, and could hardly have continued without such public support. It is worth noting that, in the end, only two companies decided not to compete and to get redemption of their assets. It should also be noted that the new legal framework contained no exception for transport companies owned by local authorities, which also had to go through tendering procedures. An Act of 1996 enabled transport companies owned by local authorities to operate contracted services within another local authority than their own, so that they don't have to stop their activities if they fail to win the tender in their own territory.

Effects of competition

By 1999, around 630 contracts for public transport services in the counties had been signed between PTAs and transport companies. Out of these, 50% have a validity period of 4-5 years and 12% are valid for longer periods.

Each PTA followed its own path for the introduction of competition. Some decided

to procure all their transport services during the first year after the coming into force of the deregulation. Others chose to procure a limited part of the traffic at a time during a longer period, for example 10% per year during a 10-year period. Another tendency witnessed in some counties was to exclude services in population centres during the first years.

Competition has been tough, especially for services in urban centres. The first procurements resulted in cost reductions of between 10-15%. In some counties, savings were greater than 15-20%. Competition has also enabled to reach better social goals such as a good environment and a good accessibility. The number of buses fuelled by ethanol, natural gas or bio fuel has doubled between 1995 and 2000. The proportion of low floor buses has reached 60% for urban services in 1998, and is still growing very fast.

It should be noted that competition has had no effect on the integration of public transport networks, since it is PTAs which define the services that they want. The Tågplus service, which has enabled passengers to buy integrated tickets covering both local public transport, long-distance rail, and domestic boat services since 1993 also illustrates that competition can be compatible with co-ordination between authorities and companies. Tågplus, which links 2,000 cities in the whole country and was used by 1.4 million passengers in 2002, is managed by Samtrafiken, a company bringing together the PTAs and the main long distance operating companies (SJ Swedish Rail, Arlanda Express, Connex, BK Tåg).

Although they have had to invest in new rolling stock with high standards concerning environment, road safety and accessibility, the subsidies paid by counties and local authorities to public transport operations in the 1990's have decreased at the same time as the supply of services increased. In Stockholm for example, the need for public money has been reduced by more than SEK 1 billion (€ 110m) per year during the 1990's thanks to the introduction of competition, while, at the same time, transport supply increased by more than 20%.

Not everything has been positive with competition, however. The first generation of contracts, which were gross-cost contracts, under which all traffic revenues go to the PTA, led to a low concern of operating companies with quality of service and development of traffic. Based on some cases, it seems that a solution to this problem could be the introduction of net-cost contracts with quality incentives that create an interest on the part of the company to increase the number of travellers and to pay attention to the quality of services provided.

Another effect has been a dramatic change in size of bus companies and concentration of

the industry. The three largest bus companies (Swebus, owned by Concordia, Linjebuss, owned by Connex and Busslink, owned by Keolis) now operate around half of bus services in Sweden. Smaller companies have been swallowed by bigger ones or have gone bankrupt. Introduction of competition has also led to difficulties to publicly-owned transport companies. At the beginning of the 1990's, 80% of the number of buses were publicly owned. Today, the proportion is the opposite. Many companies that were owned by local authorities lost traffic when it was procured, or were sold to private companies by authorities. One reason may be that the middle-size companies had the biggest difficulties to cope with the introduction of competition, and companies owned by local authorities belonged mostly to this size category.

Lastly, increases in costs of contracts have been witnessed in the procurements organised since 2000, which can be explained by the modernisation of the fleet of vehicles, increased fuel prices and higher salary costs. It remains to be seen if this cost increase is a permanent phenomenon or not.

For more information:

- PTA in Stockholm: www.sl.se
- PTA in Göteborg: www.vasttraffik.se
- about Tågplus: www.tagplus.se

(The article is a summary of a report released by the Swedish Public Transport Association (SLTF), available on their website: www.slutf.se).

Agenda

- **3rd UITP Conference on Travel Information: Making Technology work for Traveller's Information**
17-19 September 2003 - Göteborg, Sweden
www.uitp.com
- **European Transport Conference**
The Association of European Transport
8-10 October 2003 - Strasbourg, France
E-mail: info@aetransport.co.uk
- **EMTA-CLUB visit to Porto electronic ticketing systems**
23-24 October 2003 - Porto, Portugal
E-mail: emta@emta.com
- **ECMT Symposium : 50 years of research in transport economy**
29-31 October 2003 - Budapest, Hungary
www.oecd.org/cem
- **EMTA 12th General meeting**
13-14 November 2003 - London, UK
E-mail: emta@emta.com
- **EMTA workshop on accessibility of public transport systems**
19th November 2003 - Brussels, Belgium
E-mail: emta@emta.com



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