



Proposal of the European Commission for a Regulation on action by Member States concerning public service requirements and the award of public service contracts in passenger transport by rail, road and inland waterway

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Position of the Association of European Metropolitan Transport Authorities (EMTA)

Paris, January 2001

The association of European Metropolitan Transport Authorities (EMTA) brings together 21 regional and local authorities in charge of planning, organising, co-ordinating and contributing financially to the quality of the public transport networks of the main European cities, which serve more than 60 million European citizens.

- **Need to update Regulation 1191/69**

EMTA Member authorities welcome the intention of the European Commission to update the Regulation 1191/69 so as to reduce legal uncertainty for public transport operations in the European cities.

- **Subsidiarity**

EMTA Transport authorities consider that the proposed Regulation does not give due weight to subsidiarity. This principle recognises that there is no unique solution that could be implemented in all cases. Questions such as fares policy, the lengths of contracts, the way contracts should be procured (by line, by area or for the whole networks) or the existence of public operators, should therefore be determined at the local, regional or national levels.

- **Competent authority**

The definition of the “competent authorities” in Article 3 of the proposed Regulation could be improved. Competent authorities are public bodies, be they State, regional or local ones.

- **Integration of networks**

EMTA transport authorities regret that the draft Regulation considers the integration of services mostly from the point of view of operators (Article 3(d) et 7.4). Integration must be assessed from the needs of passengers, and it is the role of transport authorities to ensure that different transport modes and operators make up one network (integrated timetable, fare system, information). The cases of London and Stockholm show that integration can be achieved very well through tendering of services, including bus services, provided that authorities responsible for transport play their role.

- **Length of contracts**

EMTA transport authorities find it inappropriate that public service contracts shall be limited to five years, except in cases where the operator undertakes some investments, as stated in Article 6 of the proposed Regulation. As shown by many examples, the appropriate period of time for bus services is typically seven to eight years. EMTA authorities therefore suggest that, if a maximum length needs to be stated in the Regulation, it should then be ten years.

- **Fares policy**

Article 10 of the draft Regulation states that general rules may be applied to all operators and can include compensation for the cost of compliance. Such compensation could cover, for example, the cost of a limitation of tariffs for operators, but only for certain categories of passengers. According to the same article, the total compensation received by operators for complying with such general rules shall not exceed 20% of their revenues. EMTA transport authorities think that these principles

are not very clear. Questions arise in particular as to: the need for such restrictions where no exclusive rights are granted; the specific justification for limiting fares support to specific categories (when general fares support may be an important tool of transport policy); what types of aid constitute compensation within the 20% limit quoted.

- **Transition Period**

EMTA transport authorities think that the transition period stated in the project of the European Commission (three years, plus three in the cases where the operator undertakes some investments) is not long enough (Article 17). Five years would be better. Besides, authorities have some fears concerning concession contracts which have already been granted to operators, and whose remaining duration exceeds the transition period. Will authorities have to terminate these concessions ? Who will then have to pay compensations for this termination? It certainly cannot be the authorities.

These important questions have to be tackled by the Regulation in a more precise way than is the case today.