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G-PaTRA Work Package 5, Activity 5

Mapping the Legislative, Regulatory and Funding Frameworks for Passenger Transport in the Six Partner Countries

Builds on the workshop conducted in Ghent, in March 2018

GREEN PASSENGER TRANSPORT IN RURAL AREAS (G-PaTRA)

Work Package 5, Activity 5: Understanding Legal, Regulatory and Funding Frameworks

Mapping the Legislative, Regulatory and Funding Frameworks for Passenger Transport in the Six Partner Countries

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March 2022

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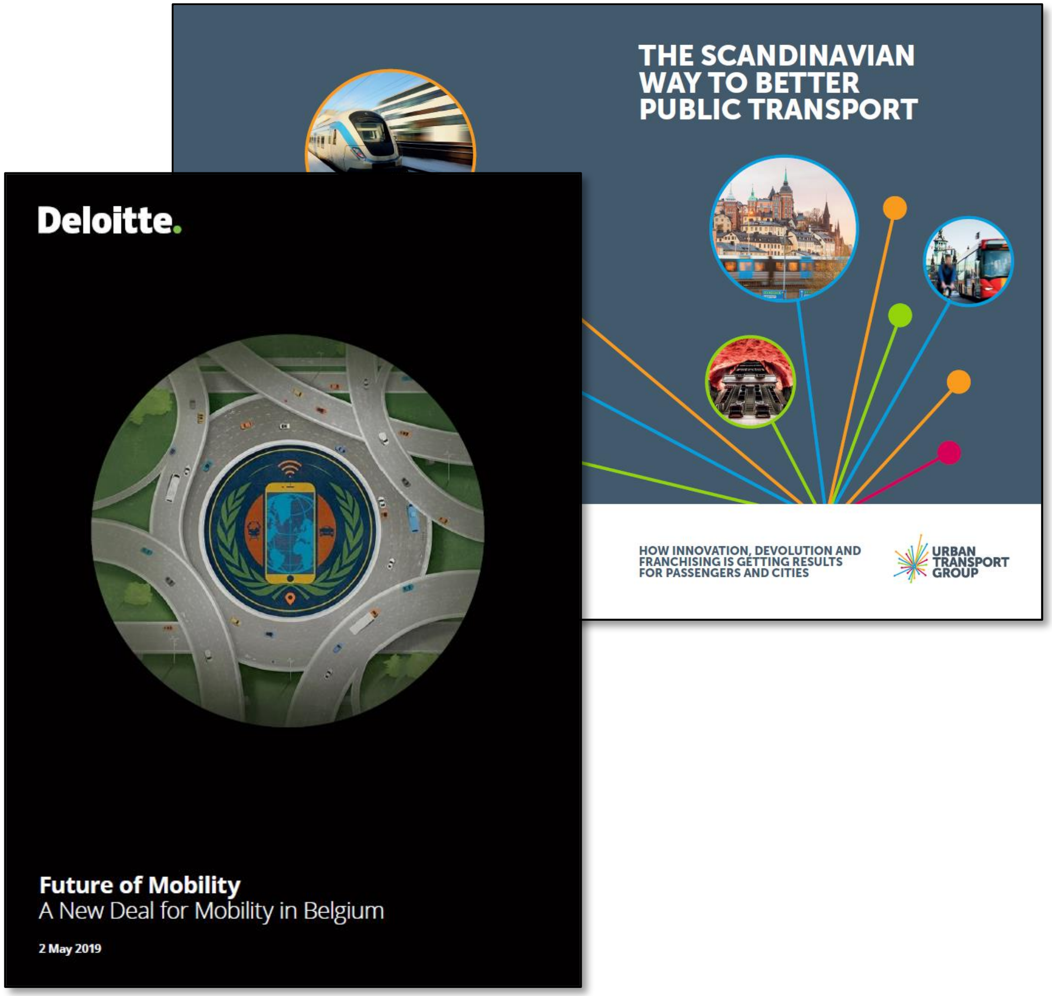
Methodology

Extensive literature search and review for each country

- Academic, government and trade literature
- English-language, published within last 10-12 years

Follow-up interviews with representatives of G-PaTRA partners



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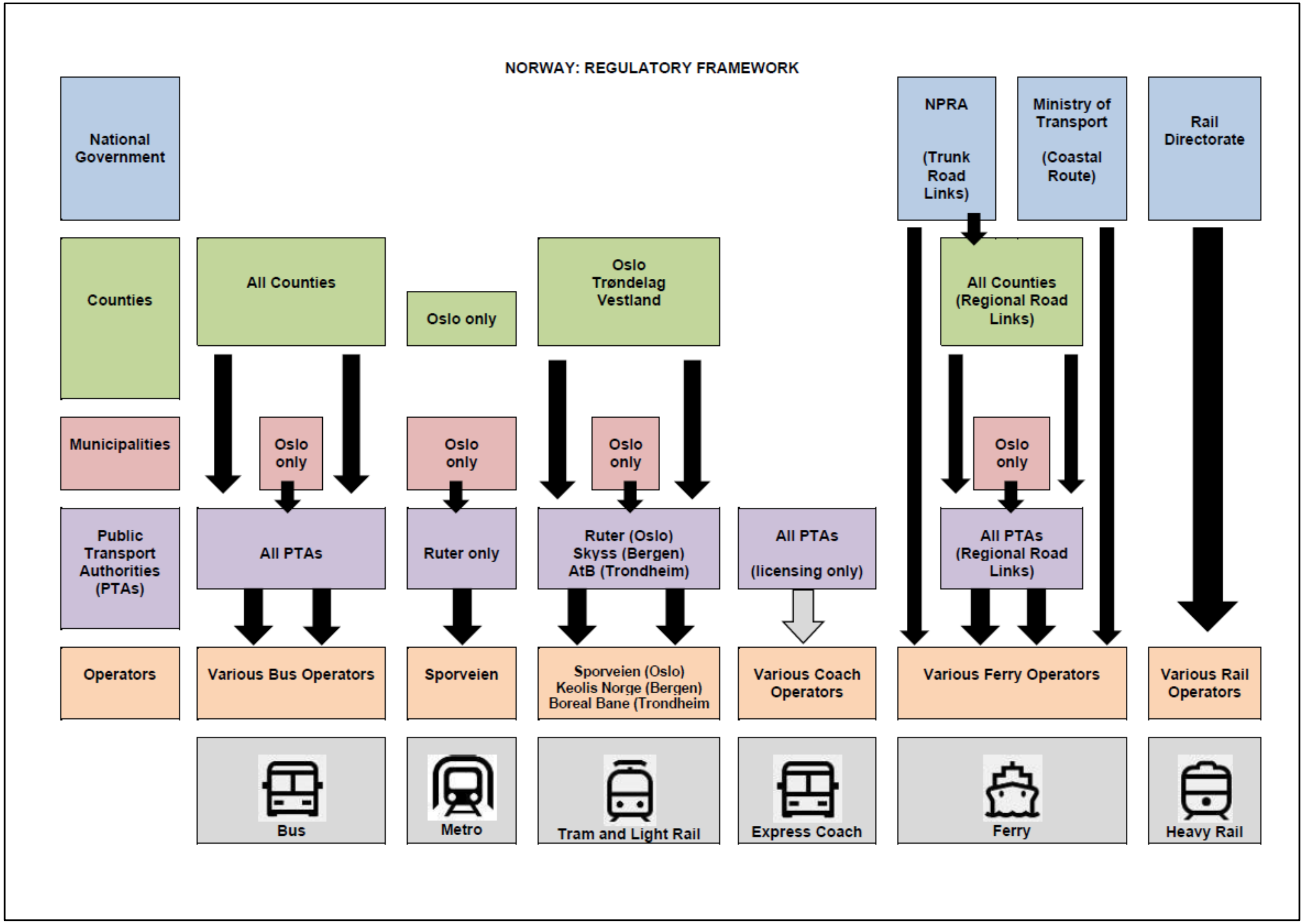
Six diagrams: example for Norway



Plus detailed notes and commentary on each country

But focus on:-

- **Executive Summary**
- **Comparative tables, Table 1 (p.65) and Table 2 (p.67)**

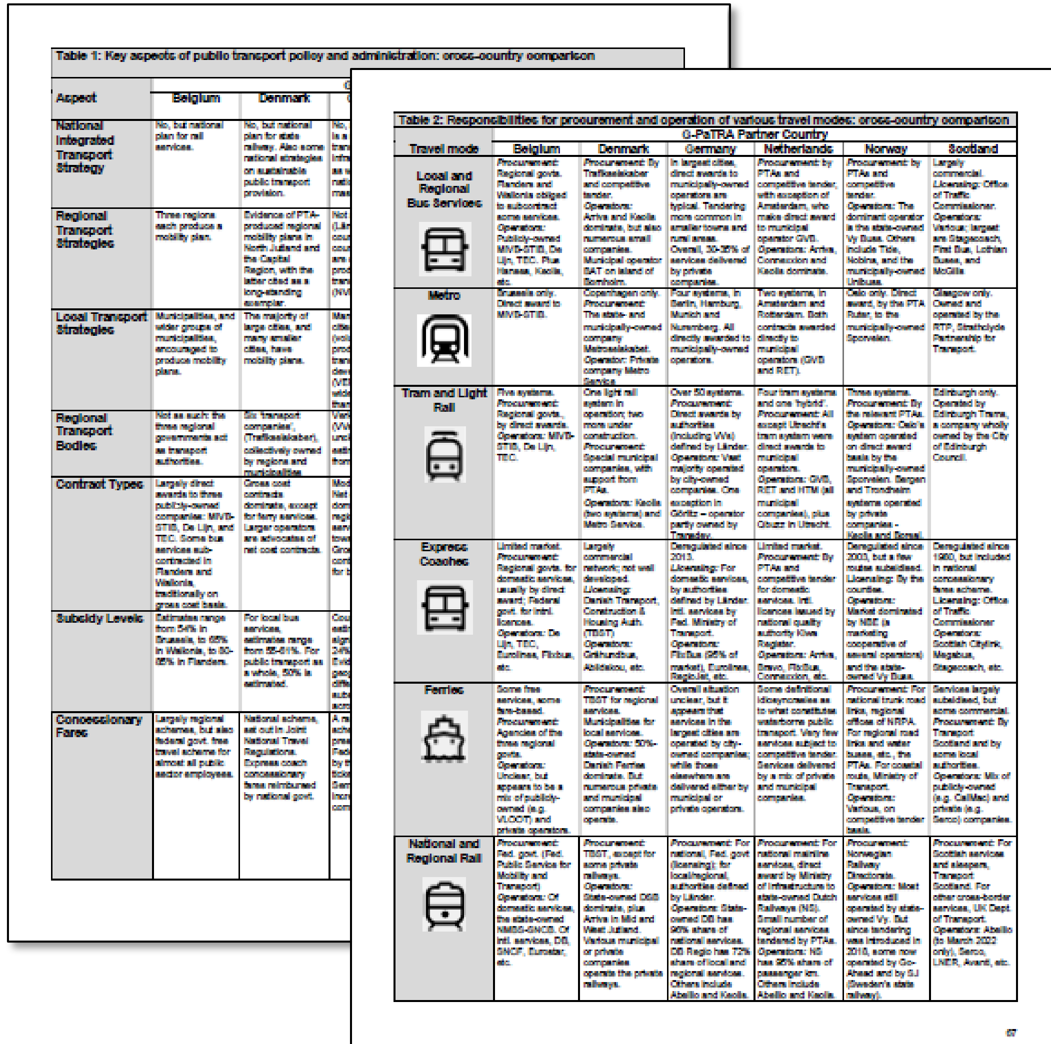


Table 1: Key aspects of public transport policy and administration: cross-country comparison

Aspect	Belgium	Denmark
National Integrated Transport Strategy	No, but national plan for rail services.	No, but national plan for state railway. Also some national strategies on sustainable public transport provision.
Regional Transport Strategies	Three regions each produce a mobility plan.	Evidence of PTA-produced regional mobility plans in North Jutland and the Capital Region, with the latter cited as a long-standing exemplar.
Local Transport Strategies	Municipalities, and wider groups of municipalities, encouraged to produce mobility plans.	The majority of large cities, and many smaller cities, have mobility plans.
Regional Transport Bodies	Not as such: the three regional governments act as transport authorities.	Six 'transport companies', (Trafikselskaber), collectively owned by regions and municipalities.
Contract Types	Largely direct awards to three publicly-owned companies: MIVB-STIB, De Lijn, and TEC. Some bus services sub-contracted in Flanders and Wallonia, traditionally on gross cost basis.	Gross cost contracts dominate, except for ferry services. Larger operators are advocates of net cost contracts.
Subsidy Levels	Estimates range from 54% in Brussels, to 68% in Wallonia, to 80-85% in Flanders.	For local bus services, estimates range from 55-61%. For public transport as a whole, 50% is estimated.
Concessionary Fares	Largely regional schemes, but also federal govt. free travel scheme for almost all public sector employees.	National scheme, set out in Joint National Travel Regulations. Express coach concessionary fares reimbursed by national govt.

Table 2: Responsibilities for procurement and operation of various travel modes: cross-country comparison

Travel mode	G-PaTRA Partner Country: Belgium	Denmark	Germany	Netherlands	Norway	Scotland
Local and Regional Bus Services	Procurement: Regional govts. Flanders and Wallonia obliged to subcontract some services. Operators: Publicly-owned MIVB-STIB, De Lijn, TEC. Plus Hansea, Keolis, etc.	Procurement: By Trafikselskaber and competitive tender. Operators: Arriva and Keolis dominate, but also numerous small companies. Municipal operator BAT on island of Bornholm.	In largest cities, direct awards to municipally-owned operators are typical. Tendering more common in smaller towns and rural areas. Overall, 30-35% of services delivered by private companies.	Procurement: by PTAs and competitive tender, with exception of Amsterdam, who make direct award to municipal operator GVB. Operators: Arriva, Connexxion and Keolis dominate.	Procurement: by PTAs and competitive tender. Operators: The dominant operator is the state-owned Vy Buss. Others include Tide, Nobina, and the municipally-owned Unibuss.	Largely commercial. Licensing: Office of Traffic Commissioner. Operators: Various; largest are Stagecoach, First Bus, Lothian Buses, and McGills
Metro	Brussels only. Direct award to MIVB-STIB.	Copenhagen only. Procurement: The state- and municipally-owned company Metroselskabet. Operator: Private company Metro Service.	Four systems, in Berlin, Hamburg, Munich and Nuremberg. All directly awarded to municipally-owned operators.	Two systems, in Amsterdam and Rotterdam. Both contracts awarded directly to municipal operators (GVB and RET).	Oslo only. Direct award, by the PTA Ruter, to the municipally-owned Sporveien.	Glasgow only. Owned and operated by the RTP, Strathclyde Partnership for Transport.
Tram and Light Rail	Five systems. Procurement: Regional govts. by direct awards. Operators: MIVB-STIB, De Lijn, TEC.	One light rail system in operation; two more under construction. Procurement: Special municipal companies, with support from PTAs. Operators: Keolis (two systems) and Metro Service.	Over 50 systems. Procurement: Direct awards by authorities (including VVs) defined by Länder. Operators: Vast majority operated by city-owned companies. One exception in Görlitz – operator partly owned by Transdev.	Four tram systems and one 'hybrid'. Procurement: All except Utrecht's tram system were direct awards to municipal operators. Operators: GVB, RET and HTM (all municipal companies), plus Qbuzz in Utrecht.	Three systems. Procurement: By the relevant PTAs. Operators: Oslo's system operated on direct award basis by the municipally-owned Sporveien. Bergen and Trondheim systems operated by private companies - Keolis and Boreal.	Edinburgh only. Operated by Edinburgh Trams, a company wholly owned by the City of Edinburgh Council.
Express Coaches	Limited market. Procurement: Regional govts. for domestic services, usually by direct award; Federal govt. for intnl. licences. Operators: De Lijn, TEC, Eurolines, Flixbus, etc.	Largely commercial network; not well developed. Licensing: Danish Transport, Construction & Housing Auth. (TBST) Operators: Gråhundbus, Abildskou, etc.	Deregulated since 2013. Licensing: For domestic services, by authorities defined by Länder. Intl. services by Fed. Ministry of Transport. Operators: FlixBus (95% of market), Eurolines, RegioJet, etc.	Limited market. Procurement: By PTAs and competitive tender for domestic services. Intl. licences issued by national quality authority Kiwa Register. Operators: Arriva, Bravo, FlixBus, Connexxion, etc.	Deregulated since 2003, but a few routes subsidised. Licensing: By the counties. Operators: Market dominated by NBE (a marketing cooperative of several operators) and the state-owned Vy Buss.	Deregulated since 1980, but included in national concessionary fares scheme. Licensing: Office of Traffic Commissioner Operators: Scottish Citylink, Megabus, Stagecoach, etc.
Ferries	Some free services, some fare-based. Procurement: Agencies of the three regional govts. Operators: Unclear, but appears to be a mix of publicly-owned (e.g. VLOOT) and private operators.	Procurement: TBST for regional services. Municipalities for local services. Operators: 50%-state-owned Danish Ferries dominate. But numerous private and municipal companies also operate.	Overall situation unclear, but it appears that services in the largest cities are operated by city-owned companies; while those elsewhere are delivered either by municipal or private operators.	Some definitional idiosyncrasies as to what constitutes waterborne public transport. Very few services subject to competitive tender. Services delivered by a mix of private and municipal companies.	Procurement: For national trunk road links, regional offices of NRPA. For regional road links and water buses, etc., the PTAs. For coastal route, Ministry of Transport. Operators: Various, on competitive tender basis.	Services largely subsidised, but some commercial. Procurement: By Transport Scotland and by some local authorities. Operators: Mix of publicly-owned (e.g. CalMac) and private (e.g. Serco) companies.
National and Regional Rail	Procurement: Fed. govt. (Fed. Public Service for Mobility and Transport) Operators: Of domestic services, the state-owned NMBS-SNCB. Of intl. services, DB, SNCF, Eurostar, etc.	Procurement: TBST, except for some private railways. Operators: State-owned DSB dominate, plus Arriva in Mid and West Jutland. Various municipal or private companies operate the private railways.	Procurement: For national, Fed. govt (licensing); for local/regional, authorities defined by Länder. Operators: State-owned DB has 98% share of national services. DB Regio has 72% share of local and regional services. Others include Abellio and Keolis.	Procurement: For national mainline services, direct award by Ministry of Infrastructure to state-owned Dutch Railways (NS). Small number of regional services tendered by PTAs. Operators: NS has 95% share of passenger km. Others include Abellio and Keolis.	Procurement: Norwegian Railway Directorate. Operators: Most services still operated by state-owned Vy. But since tendering was introduced in 2018, some now operated by Go-Ahead and by SJ (Sweden's state railway).	Procurement: For Scottish services and sleepers, Transport Scotland. For other cross-border services, UK Dept. of Transport. Operators: Abellio (to March 2022 only), Serco, LNER, Avanti, etc.

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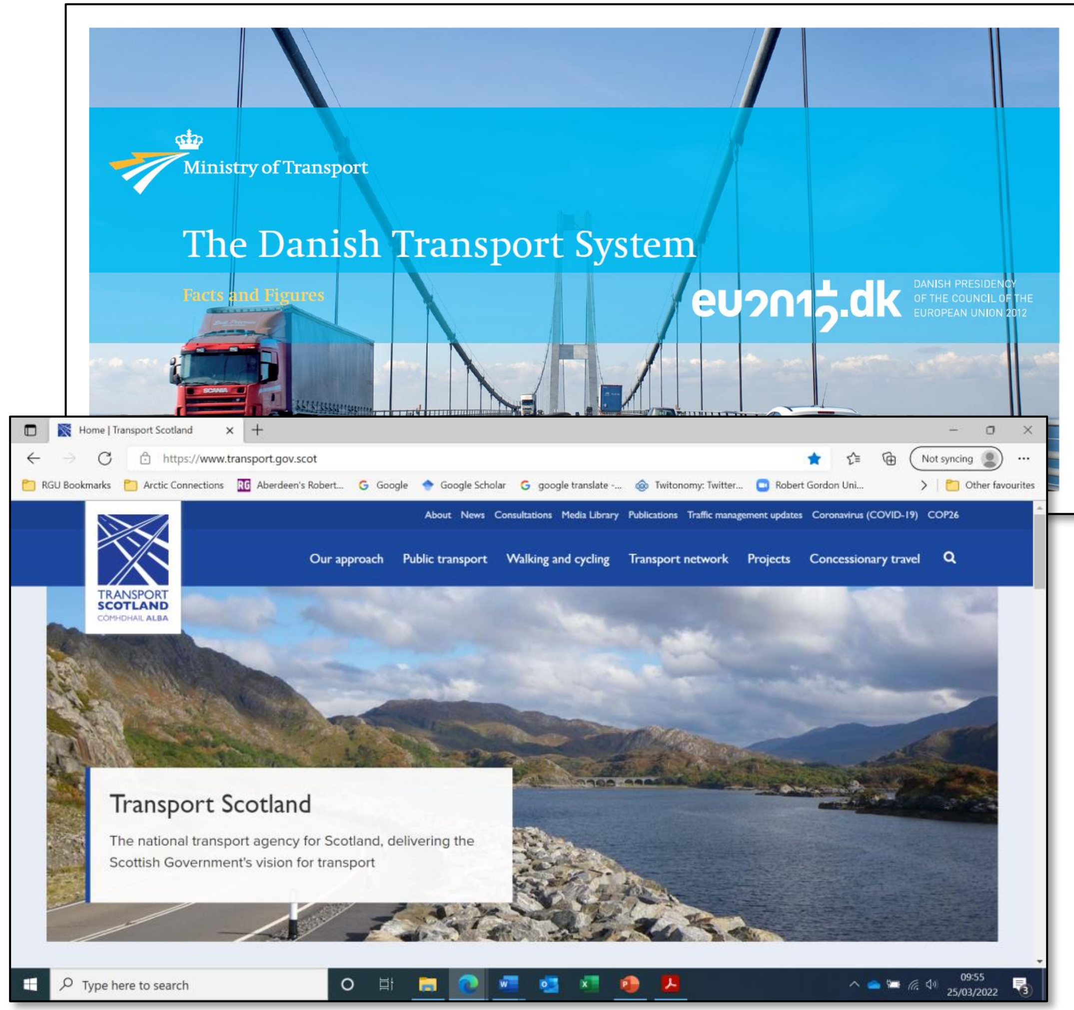
Initial thoughts...

Each of the six countries has its own distinct and complex system of public transport regulation and administration

While there are some similarities, there are also some significant differences



Transport Strategies

Three of the six have a *national*, integrated transport strategy: Netherlands, Norway, Scotland

Regional strategies are statutory, except in Denmark

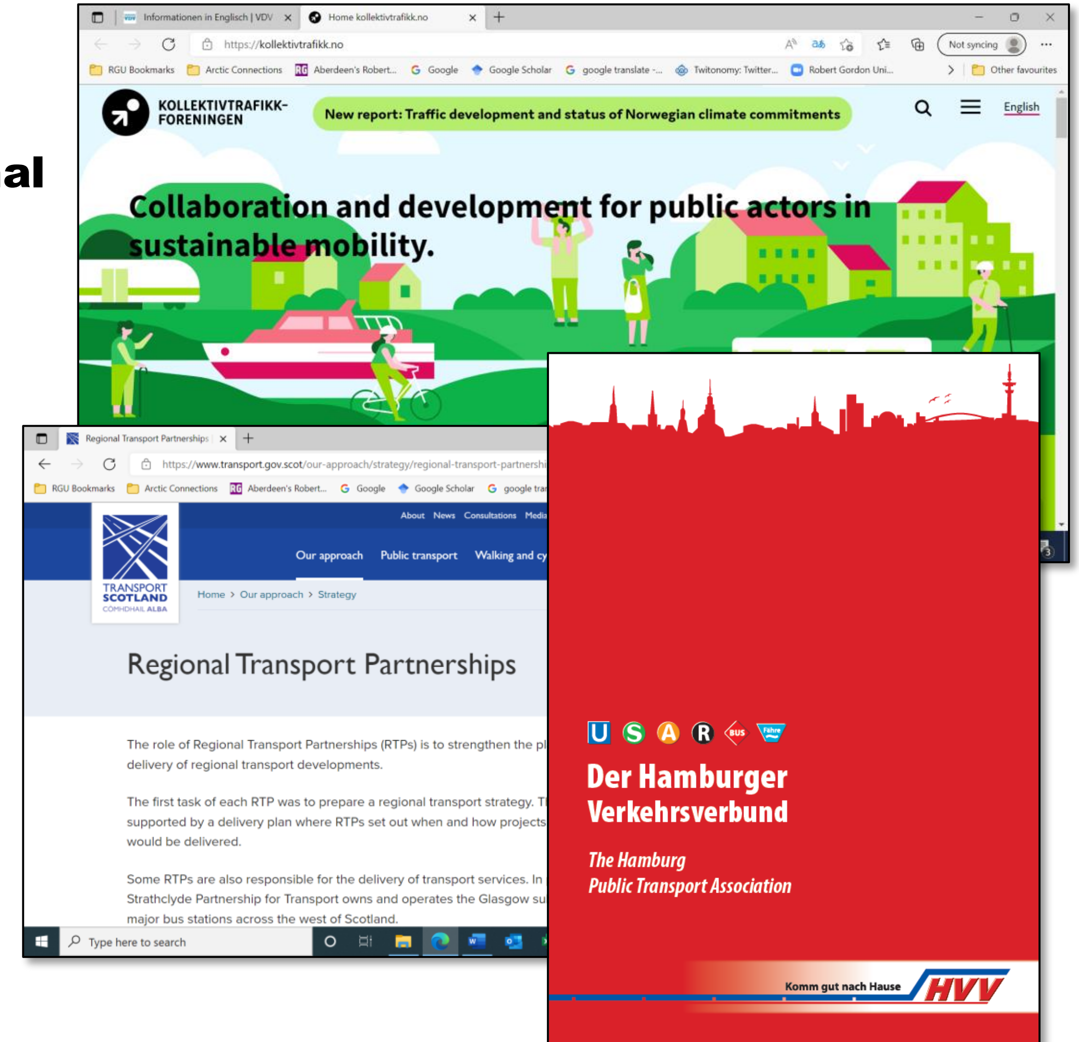
No statutory requirements for city, town, or municipality strategies, but considered good practice, except in Norway

Regional Transport Bodies

Except in Belgium (where transport is dealt with by regional governments anyway), all have some form of regional transport body or public transport authority (PTA)

In Germany, Verkehrsverbünde take a number of forms, and include public transport operators in policy-making processes

Scotland's Regional Transport Partnerships considered weaker than equivalents throughout Europe



Contract types

Situation very mixed and dependent upon travel mode, e.g.:-

Bus services: gross cost favoured in Belgium, Denmark, Germany and Norway; but net cost preferred in Netherlands and Scotland

Rail services: net cost dominates in Germany and Norway; but gross cost in Denmark

Movement towards 'hybrid', risk-sharing contracts

Subsidy Levels (excluding any additional Covid-related subsidies)

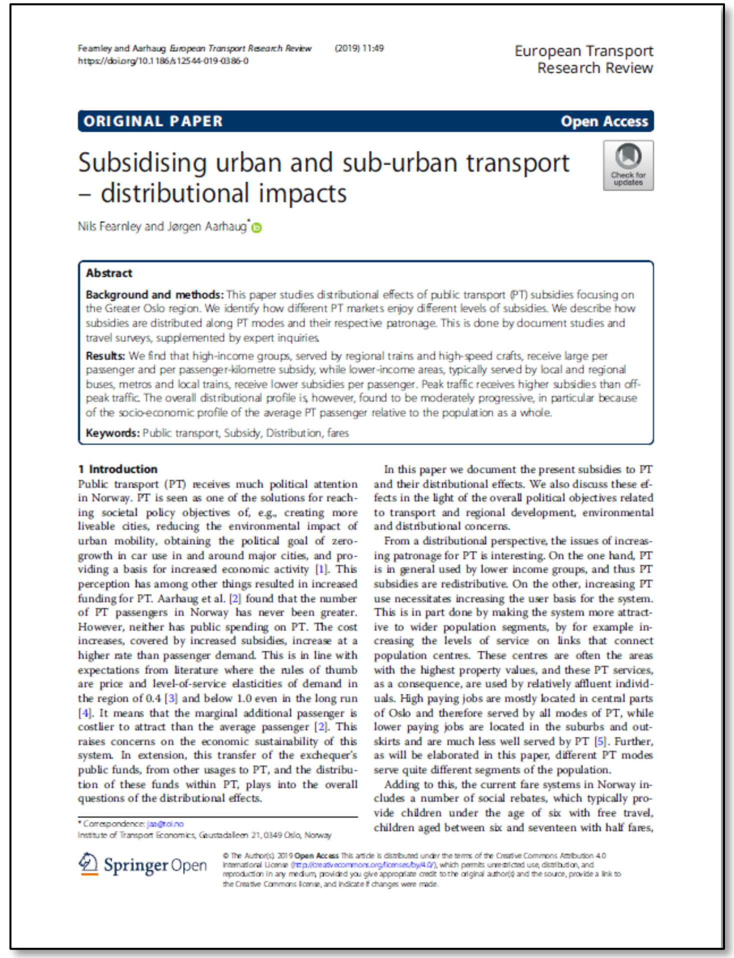
Lack of available, comparable data

Estimates can vary widely, and can be dependent on travel mode

e.g. for public transport generally, around 50% in Denmark & Netherlands; 24-63% in Germany

In Scotland: bus services, 43-50%; rail 46-66%; ferries 62.5%

In Belgium: 54% in Brussels-Capital region; 65% in Wallonia; 80-85% in Flanders


Fearnley and Aarhaug *European Transport Research Review* (2019) 11:49
https://doi.org/10.1186/s12544-019-0386-0

European Transport Research Review

ORIGINAL PAPER Open Access

Subsidising urban and sub-urban transport – distributional impacts

Nils Fearnley and Jørgen Aarhaug*

Abstract

Background and methods: This paper studies distributional effects of public transport (PT) subsidies focusing on the Greater Oslo region. We identify how different PT markets enjoy different levels of subsidies. We describe how subsidies are distributed along PT modes and their respective patronage. This is done by document studies and travel surveys, supplemented by expert inquiries.

Results: We find that high-income groups, served by regional trains and high-speed crafts, receive large per passenger and per passenger-kilometre subsidy, while lower-income areas, typically served by local and regional buses, metros and local trains, receive lower subsidies per passenger. Peak traffic receives higher subsidies than off-peak traffic. The overall distributional profile is, however, found to be moderately progressive, in particular because of the socio-economic profile of the average PT passenger relative to the population as a whole.

Keywords: Public transport, Subsidy, Distribution, fares

1 Introduction

Public transport (PT) receives much political attention in Norway. PT is seen as one of the solutions for reaching societal policy objectives of, e.g., creating more liveable cities, reducing the environmental impact of urban mobility, obtaining the political goal of zero-growth in car use in and around major cities, and providing a basis for increased economic activity [1]. This perception has among other things resulted in increased funding for PT. Aarhaug et al. [2] found that the number of PT passengers in Norway has never been greater. However, neither has public spending on PT. The cost increases, covered by increased subsidies, increase at a higher rate than passenger demand. This is in line with expectations from literature where the rules of thumb are price and level-of-service elasticities of demand in the region of 0.4 [3] and below 1.0 even in the long run [4]. It means that the marginal additional passenger is costlier to attract than the average passenger [2]. This raises concerns on the economic sustainability of this system. In extension, this transfer of the exchequer's public funds, from other usages to PT, and the distribution of these funds within PT, plays into the overall questions of the distributional effects.

In this paper we document the present subsidies to PT and their distributional effects. We also discuss these effects in the light of the overall political objectives related to transport and regional development, environmental and distributional concerns.

From a distributional perspective, the issues of increasing patronage for PT is interesting. On the one hand, PT is in general used by lower income groups, and thus PT subsidies are redistributive. On the other, increasing PT use necessitates increasing the user basis for the system. This is in part done by making the system more attractive to wider population segments, by for example increasing the levels of service on links that connect population centres. These centres are often the areas with the highest property values, and these PT services, as a consequence, are used by relatively affluent individuals. High paying jobs are mostly located in central parts of Oslo and therefore served by all modes of PT, while lower paying jobs are located in the suburbs and outskirts and are much less well served by PT [5]. Further, as will be elaborated in this paper, different PT modes serve quite different segments of the population.

Adding to this, the current fare systems in Norway includes a number of social rebates, which typically provide children under the age of six with free travel, children aged between six and seventeen with half fares,

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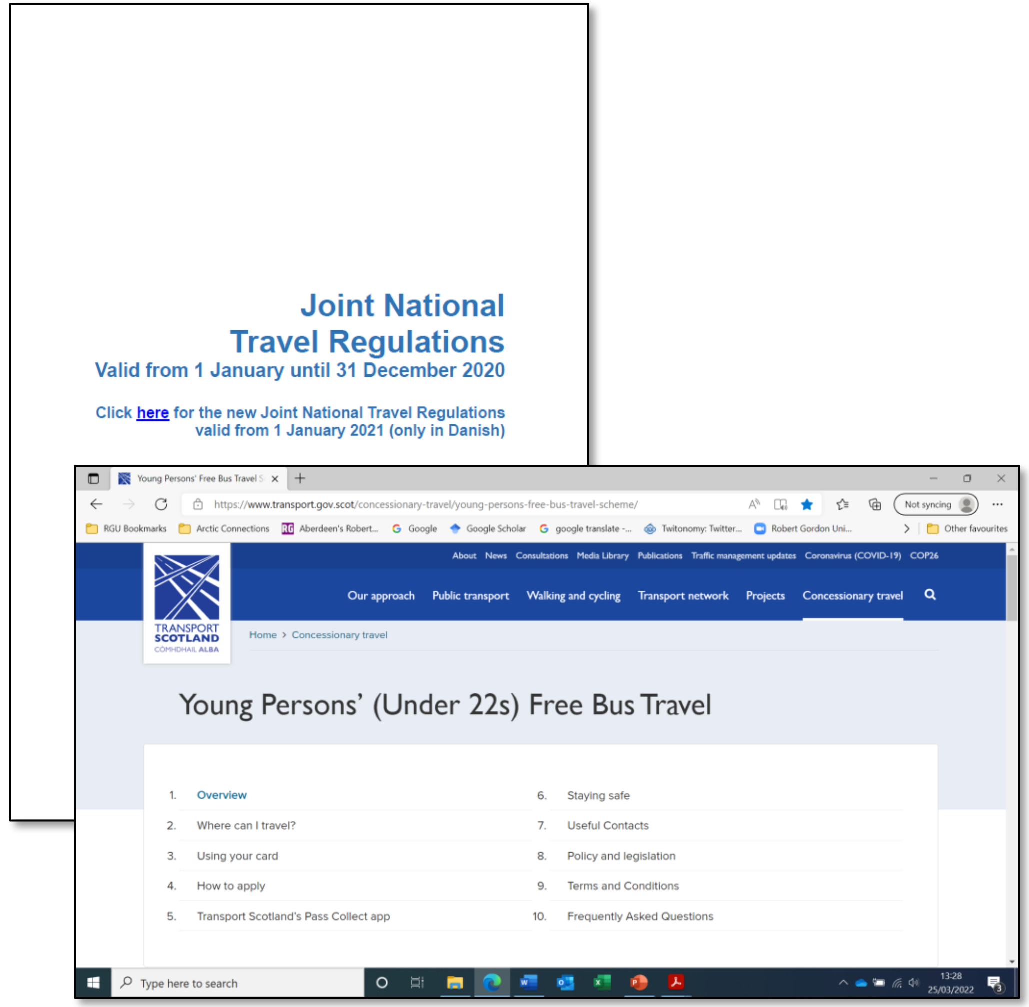
Concessionary Fares

Mixture of country-wide schemes, regional/local schemes, and commercially-driven concessions made by operators

Typically for older people, disabled people, young children, and students

But also schemes for jobseekers, public sector employees, and military personnel



Local and Regional Bus Services

Procurement generally conducted at regional, county, or major city level.

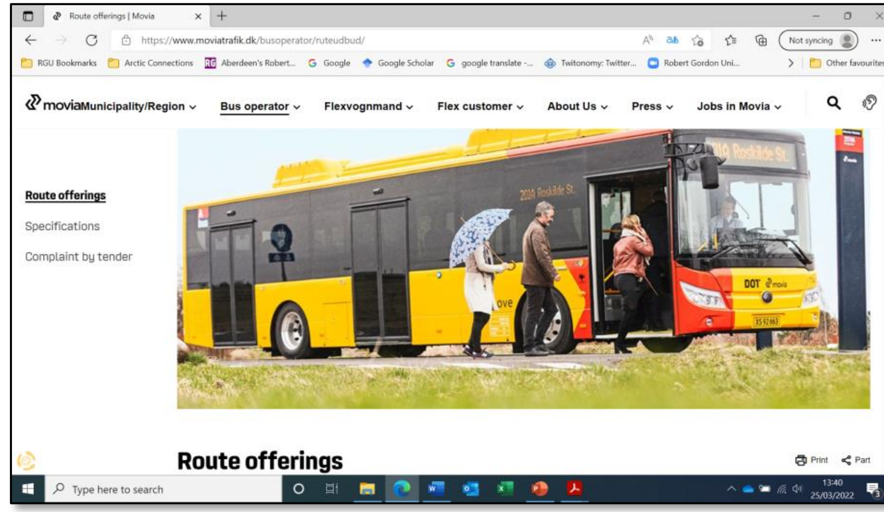
Except Scotland – largely deregulated

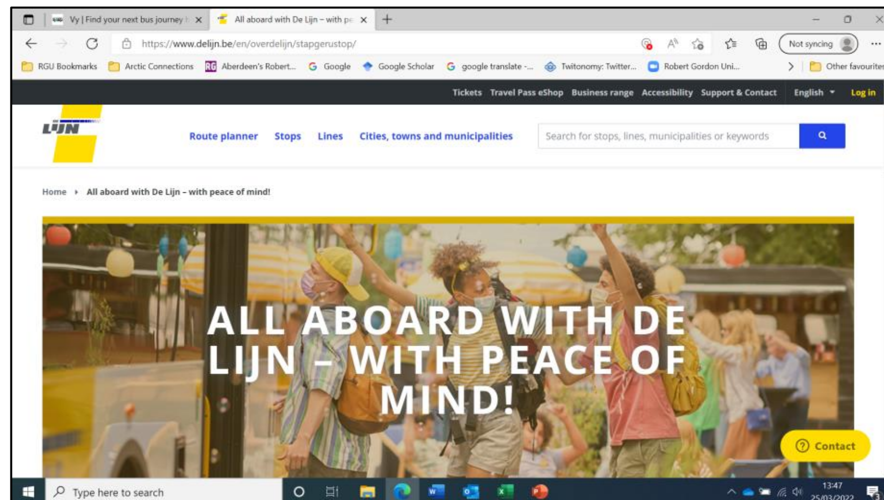
Typically competitive tenders in Denmark, Netherlands and Norway

Mix of direct awards and competitions in Belgium and Germany

State- or municipally-owned operating companies dominate in Belgium, Germany and Norway

Private operators dominant in Denmark, Netherlands and Scotland



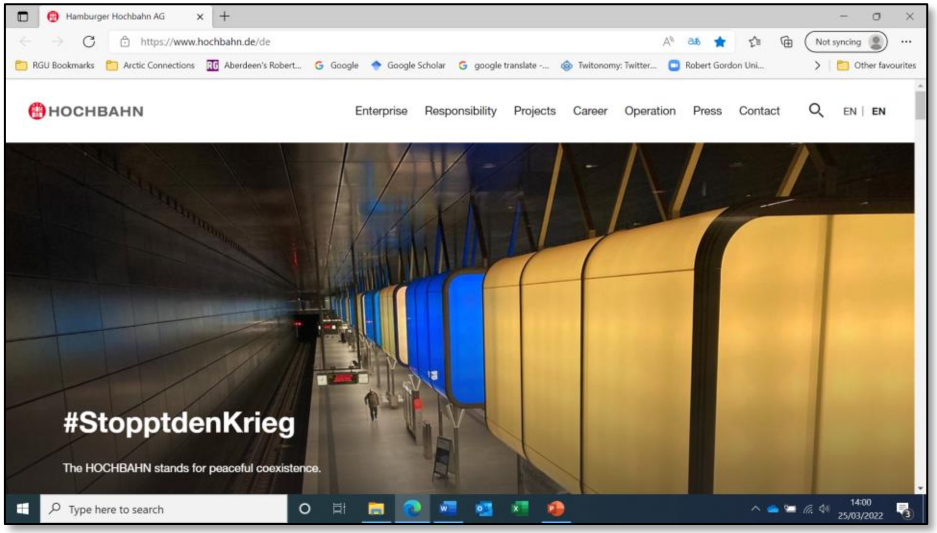


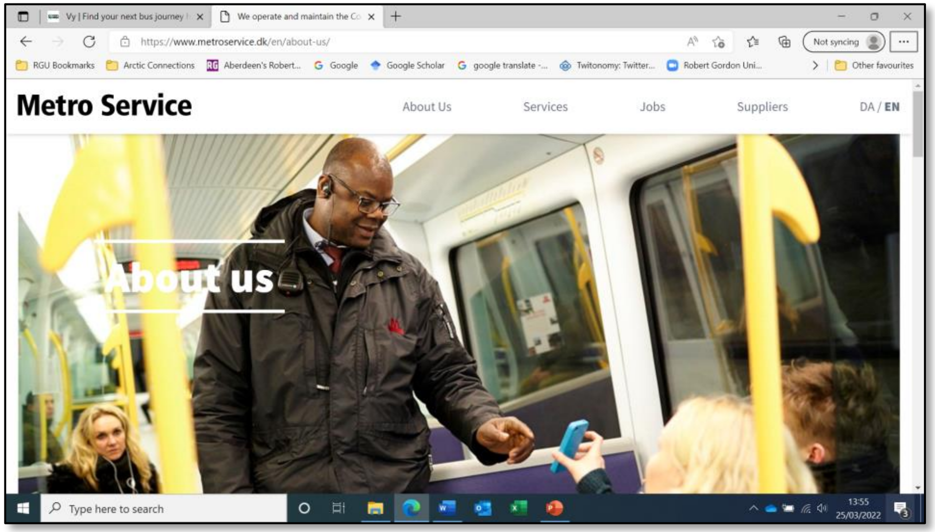
Metro

All six countries have at least one metro system

Direct awards to municipally-owned operators are most common

Except Copenhagen's Metro in Denmark – tendered; and operated by private company





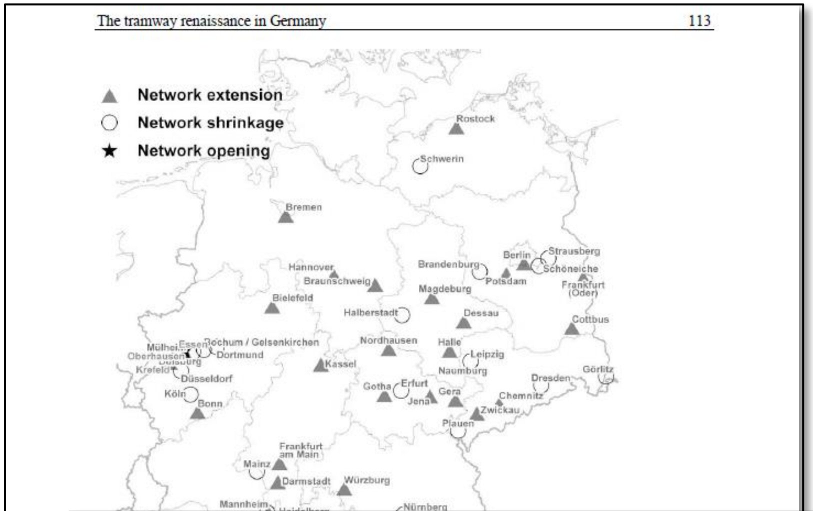
Tram and Light Rail

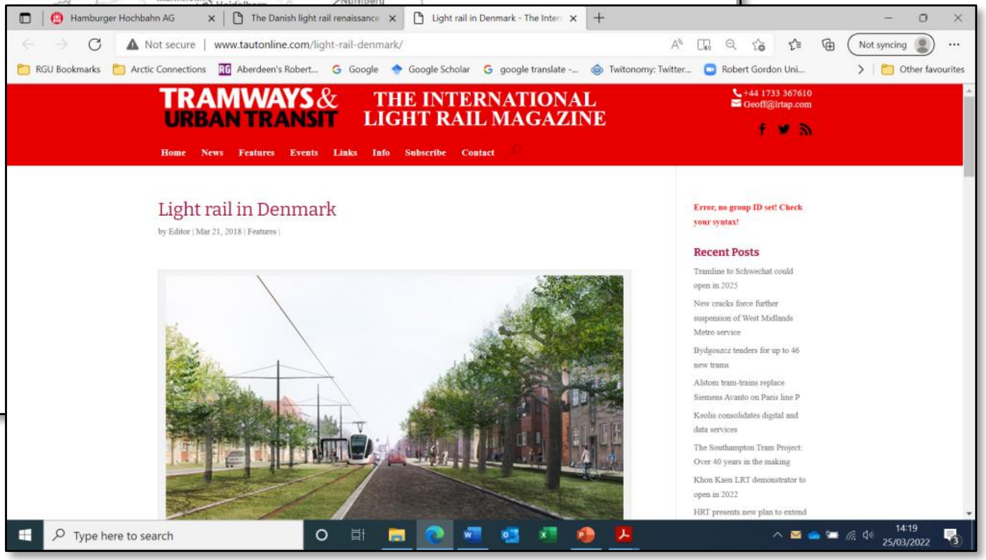
All six countries have at least one tram or light rail system

Range from a single tram line in Edinburgh, Scotland, to 50+ systems across Germany

Largely direct-awards to publicly-owned operators

But two of Norway's three systems are operated by private companies; as will be Denmark's three systems (two under construction)





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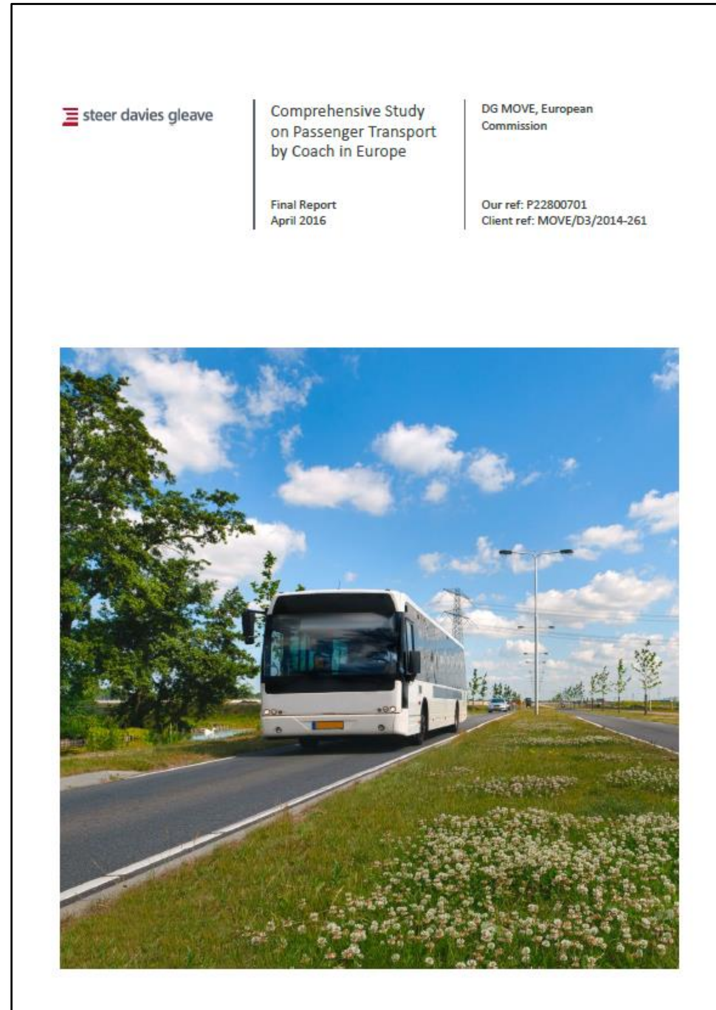
Express Coaches

In Belgium, Denmark and Netherlands, limited market – due to size of countries and/or existing rail network

In Denmark, Germany, Norway and Scotland, market almost completely deregulated

In Belgium, direct awards, to same operators of local bus services

In Netherlands, competitive tenders; typically awarded to private companies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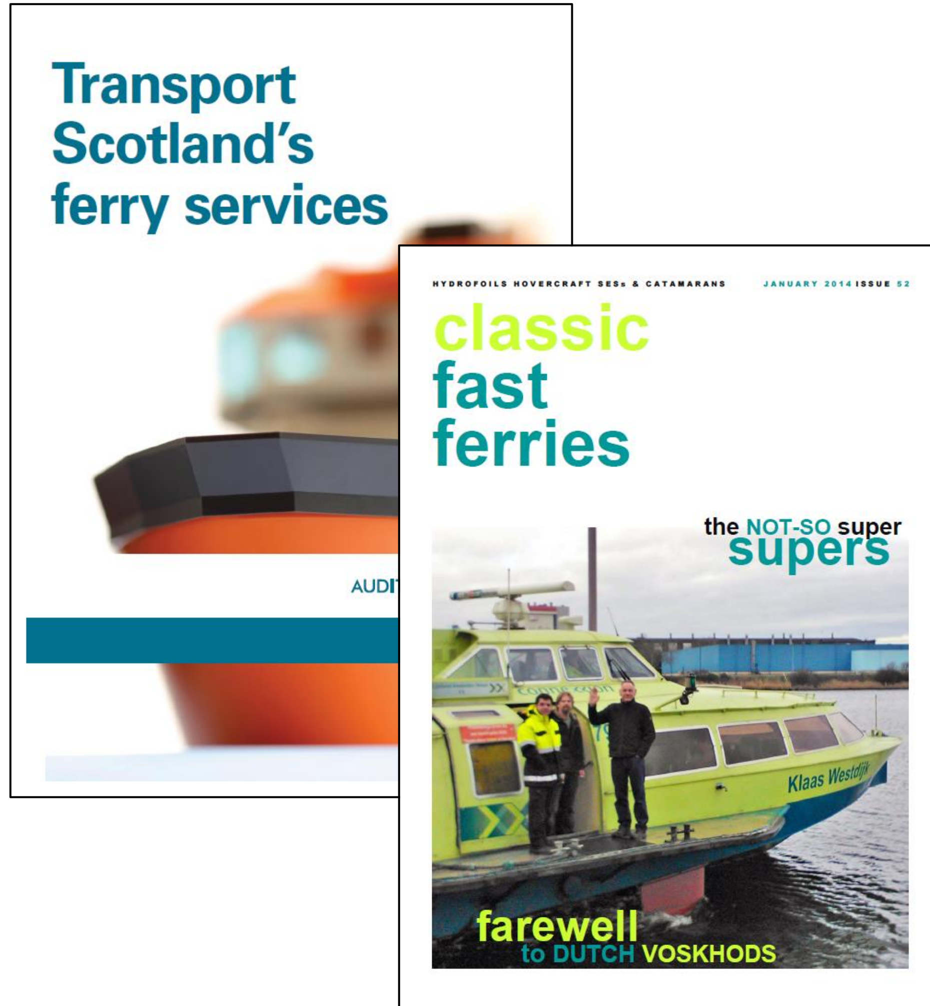
Comprehensive Study on Passenger Transport by Coach in Europe

Final Report
April 2016

DG MOVE, European Commission

Our ref: P22800701
Client ref: MOVE/D3/2014-261

Ferries



Relatively little literature on domestic ferry services

In Denmark, Norway and Scotland, procurement the responsibility of central government agencies *and* local transport authorities

In Belgium, agencies within three regional governments

In Germany and Netherlands, position not very clear. Some tendering, some direct awards…

Operators: a mix of private operators and publicly-owned companies

National and Regional Rail

In five of the countries, procurement largely at the national level

Exception is Germany – devolved to Länder

Mostly direct awards to, or negotiated contracts with, *state-owned* railway companies

Main exception has been Scotland's rail franchise arrangements; but as of 1 April 2022 Scottish Govt takes control of main ScotRail franchise

Mobility Hubs

A common theme across all six countries

Germany at the forefront: *mobil.punkte* and *mobil.pünktchen*

Netherlands: hubs in some cities, in North Holland, and in G-PaTRA partner provinces of Groningen and Drenthe

Belgium: *mobipunten* being introduced in Flanders and Wallonia

Norway: small network of *mobilpunkt* stations

Denmark: some small pilots

Scotland: proposed network as part of second National Transport Strategy

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Some final comments...

Overall situation varied and complex

Also fluid; subject to change on arrival of new governments or policy directions

Hopefully includes some examples of good practice (and ‘not-so-good’ practice) that will inform future G-PaTRA discussions