



## PT Market Organisation – The new EU Regulation 1370/2007 as kick-off for improvements ?



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## Challenges related to market organisation

- Unstable or unclear **regulatory setting**
- Frequent political **interference**
- Unclear **division of responsibilities** between actors in PT
- Low implementation of **quality and performance monitoring**



- **Low contribution of revenues** to cost coverage
- **Decreasing public resources** for public transport and **lack of funds** to finance investments and operation



- **Low integration** between local and regional (and national) transport networks and services, in overall mobility and transport planning
- **Missing integrated tariff and fare systems**
- **Low co-operation** between PT companies





## How to meet these challenges?

- **Unstable or unclear regulatory setting**
- **Frequent political interference**
- **Unclear division of responsibilities** between actors in PT
- **Low implementation of quality and performance monitoring**

**Set up sound and stable framework conditions**

- **Low contribution of revenues to cost coverage**
- **Decreasing public resources** for public transport and **lack of funds** to finance investments and operation

**Improve PT funding and financing balances**

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- **Missing integrated tariff and fare systems**
- **Low co-operation** between PT companies

**Establish seamless multi-modal (integrated) transport offers**



## Set up sound and stable framework conditions

### Strategies:

- establish **long term urban mobility planning**
- establish an accepted **market organisation**
- implement **Public Service Contracts (PSC)**
- implement **incentives**
- implement **monitoring systems**
- verify and adapt **legislation**





## Improve PT funding and financing balances

### Strategies:

#### Increase cost coverage of fares:

- Increase PT attractiveness and efficiency
- Check **tariff measures** in order to increase revenues
- Consider **enlarging the operator's service portfolio**
- make use of **market forces**

#### Strengthen and enlarge the funding/financing basis:

- Identify **alternative sources** to fund PT
- Make use of **EU funding** and other **special purpose funds**
- Make use of loans by **International Finance Institutions**





## Seamless multi-modal integrated transport offers

### Strategies:

- **Coordinate** PT (and overall mobility) **planning**
- Implement **organisation model for integration**
- set up **legislation** that favours integration
- **Raise awareness** for the need for integration
- **Extend integration** to other mobility service providers





## Suggestions for further investigation

- Handbook on PT monitoring
- Handbook on PT funding and financing
- Good practice collection of successful business opportunities
- Handbook on integrated PT
- Promotion of integrated PT solutions including demonstration projects
  
- How to implement the new Regulation 1370/2007 at MS level?
- Analysis of different incentive schemes
- Evaluate different tariff strategies for yield optimisation
- Possibilities and risks of PPP schemes for local PT infrastructure



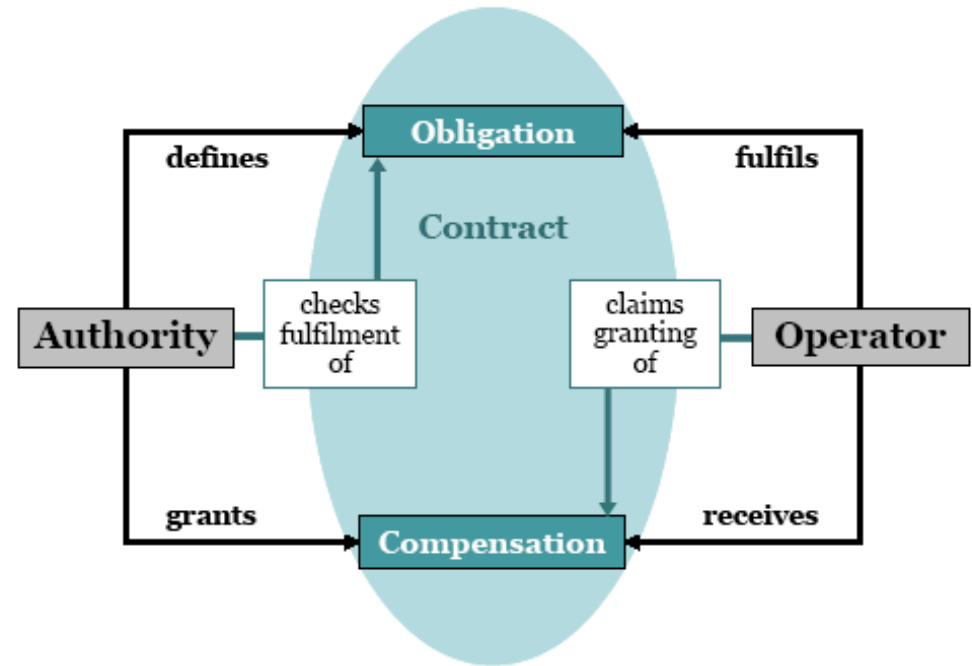
## The new EU Regulation 1370/2007

- enters into force this year (transition period for awarding procedures and specific regime for existing contracts)
- covers all PT by rail and road where compensation for public service obligation is paid and/or exclusive rights are granted
- requires the existence of a **Public Service Contract**
- limits the contract duration (10 years for bus, 15 years for rail)
- establishes rules for contract awarding
- demands transparency



## A Public Service Contract defines

- rights and duties of both authority and operator (who is responsible for what?)
- quantity and quality of services to be delivered
- compensation payments
- use and ownership of assets
- monitoring
- management of the agreement



Source: inno-V et al. 2008



## PSC is the backbone of market organisation

### Benefits for the authority:

- clearly defines the services to be delivered
- fixes budget for PT
- ensures value for money
- can support PT integration

### Benefits for the operator:

- clear compensation rules
- enables long-term business planning
- minimises political interference into daily business
- opens up access to loans for financing investments

**-> A PSC should always be in place - regardless of legislation, awarding procedures or operator status (in-house/private)**



## PSC according to new EU Regulation 1370/2007

**Set up sound and  
stable framework  
conditions**

**Improve PT  
funding and  
financing balances**

**Establish seamless  
multi-modal  
(integrated)  
transport offers**



## The new EU-Regulation 1370/2007 as kick-off for improvements?

**Yes, it should and it can!**

But, it requires

- strong political commitment for PT
- clear long term PT policy
- national legislation to be adapted to implement it at MS level

**Regulation 1370/2007 is the beginning of the process – not the end!**



**Thank you very much for your attention !**

**Rapp** | Trans

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