

SPUTNIC Plenary Session

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Cluster Market Organisation Conclusions from the Brainstorming Session



Martin Ruesch, Rapp Trans AG, Zürich, Switzerland
martin.ruesch@rapp.ch

Topics discussed

- **Problems / Challenges in Market Organisation**
- **Topics to be addressed**
- **Expectations on the Outcome**

Outcome of the workshop: Challenges (1)

- **Financing**

- Lack of money (no money for investments (rolling stock, infrastructure), renewal, etc.) → innovative financing (Sofia, Sweden, Vilnius)
- Infrastructure improvement (PT prioritisation) → financing of infrastructure (Sofia)
- Suitable Cost coverage level (Sweden)
- Instable financing conditions (Hungary, Bulgaria, Poland) → long term financial solution
- Instable political framework and financing rules (Hungary, Bulgaria, Poland)

- **Tariff and Traffic Associations / Fare systems**

- Not harmonized tariffs → tariff associations, traffic associations (Vilnius, Warsaw)
- Not harmonized ticketing → common ticketing system (Vilnius, Warsaw)
- Reduced tariff for a big client segment (elderly, disabled, students, etc.) → revenue increase by fares (Sofia)

Outcome of the workshop: Challenges (2)

- **Co-operation in a competitive environment**
 - Lack of integration:
 - Integration of PT-Networks and Services (different operators, different modes)
 - Integrated strategies/policy
 - Suitable organisation of the market / Collaboration between actors (Ownership)
 - Political support / co-operation with politics, Interference between PT operator and politics (Poland, Bulgaria)
 - Split of power and responsibility (Poland, others)
- **Incentive Contracts / Monitoring**
 - No incentives to maximise demand (gross cost contracts) → Incentive contracts (Sofia, Sweden)
 - Risk allocation (Sweden)

Outcome of the workshop: Challenges (3)

- **Liberalisation**
 - Competition strategy: Introduction of Competition or not and if yes what kind of model (Germany)
 - Difficulties to implement liberalisation, how to organise the market to be ready for external competition (Warsaw, Belgrad, Sofia)
 - Rising costs after 20 years of competition (Sweden)
- **Others**
 - Policy transfer of good practices (transferability)
 - Missing of an overall PT-Programm (Sofia)
 - EU-Financing

Outcome of the workshop

- **Expectation for the output**
 - Good practices and success factors (examples, case studies)
 - Information on developments in CEE countries (to profit from good practices, to avoid the mistakes)
 - Exchange of information between new and old member states
 - Assessment of transferability to less advanced cities
 - **Policy transfer recommendations**
- **Important**
 - **Good practice have to consider the political framework conditions**
 - **Transferability has to be assessed considering local framework conditions**

Conclusions

- Challenges and topics in line with the Cluster objectives and topics
 - New aspects can be integrated in Cluster profile and considered when looking for Good Practices
- New topic Liberalisation: Potential for an own project
- Output verified (especial consideration of framework conditions and transferability)

Outcome: Challenges relating to Market Organisation in less advanced cities in line with actual cluster profile

- **Decreasing public resources** for public transport and **lack of funds** to finance investments and operation
- **Low integration of PT** in overall mobility and transport planning
- **Low integration** between local and regional (and national) transport networks and services
- **Missing integrated tariff and fare systems**
- Low implementation of division between buyer/authority and operator
- **Low co-operation** between PT companies
- **Few incentives for PT operators** to cut costs and increase revenues
- **Low implementation of quality and performance monitoring**
- **Low contribution of fare revenues to cost coverage**



Objectives of WP3 Market Organisation

- **Showing innovative financing models** and discuss their potential **to broaden the financial basis for PT related investment and operation (1st priority)**
- **Identifying options for co-operation between PT-actors** within a competitive environment **to increase the overall quality and efficiency of the PT sector (2nd priority)**
- **Elaborating existing practices for optimisation and integration of tariff and fare systems to establish good/best practice and provide guidance for the development of tariff association and fare revenue distribution systems (3rd priority)**
- **Collecting incentive contracts and monitoring systems** and derive their potential **to improve quality and reduce costs. (3rd priority).**