

# **Challenges for Public Transport in Sweden**

## **Examples of ongoing VTI projects**

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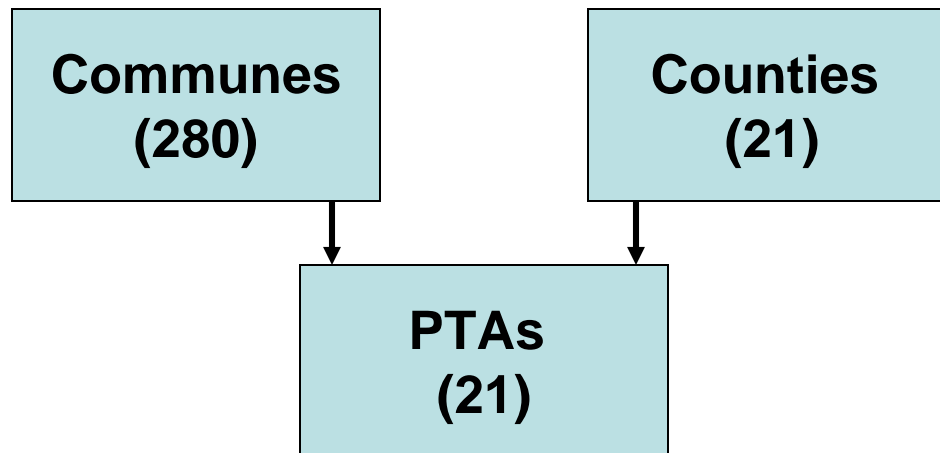
## Sweden – basic facts

- 450 000 km<sup>2</sup>
- 9 million inhabitants (only three “cities”)
- 460 cars per 1 000 inh. (great variations)
- No road congestion!
- Fully deregulated bus sector
- Partly deregulated (passenger) rail sector

## Sweden – present set up

1930 – 1980 "half-regulated" market with licenses

1980 → 21 PTAs (Trafikhuvudmän) are responsible for all local and regional Public Transport in the whole country



PTAs tender out all services from various operators

## Sweden – good and bad points

- No border between city and county
- Initial cost savings of 20-30 %
- Substantial passenger growth initially
- Full fare co-ordination within each county
- Smart card for all travel (also long-distance) decided
- **Costs rising again**
- **Passenger numbers stable/falling (losing market share)**
- **Gross Cost contracts lack incentives**
- **Lack of faith in Public Transport**

## **Sweden - challenges**

1. Financial problems (is 60% cost recovery OK? Is there a "suitable" level?) If so few use PT why should taxpayers subsidise it?
2. Changing lifestyles – travel to work is no longer dominant. People demand more mobility and higher travel quality
3. Urban sprawl. The "generators" of additional (car) travel are spread out. PT still focuses on travel to city centres

1 2 3 are connected!

And these challenges will be Europe-wide...

## **Sweden and its contracts**

- Difficult to get proper growth incentives with gross costs contracts
- Everybody wants something new but nobody knows really what
- PTAs are cautious to let go of their powers
- Operators are cautious about risks
  
- Field wide open – researchers step in!

???

Who should decide what?

1. Network
  2. Timetables - frequencies, connections etc.
  3. Fares
  4. Standards (vehicles, terminals)
  5. Customer information
  6. Level of integration
- Who takes the risks?
  - Shall we move from Gross Cost to Net Cost contracts?

## Various models

Presentation by Frode Longva, TØI (NO), 7 Nov 2006

Allocation of revenue risk	Incentives/risk beyond revenue risk?	
	No	Yes
Authority	<b>1. Gross cost contracts</b>  <i>Trad. Scandinavian model</i>	<b>2. Incentive gross cost contracting</b>  <i>New Scandinavian model</i>
Operator	<b>3. Net cost contracts</b>  <i>Trad. Norwegian model</i>	<b>4. Incentive net cost contracting</b>  <i>New model of quality contracting</i>

## Work in progress

- VTI and others are struggling
- **Public Transport must not become a third rate alternative!**

We welcome co-operation within SPUTNIC!

Thank you for your attention!

Bertil Hylén