



# **SPUTNIC Plenary Session**

## **5th October 2007**

### **Zagreb, Croatia**

## **Cluster Market Organisation**

### **Conclusions from Working Group Meeting 2 on**

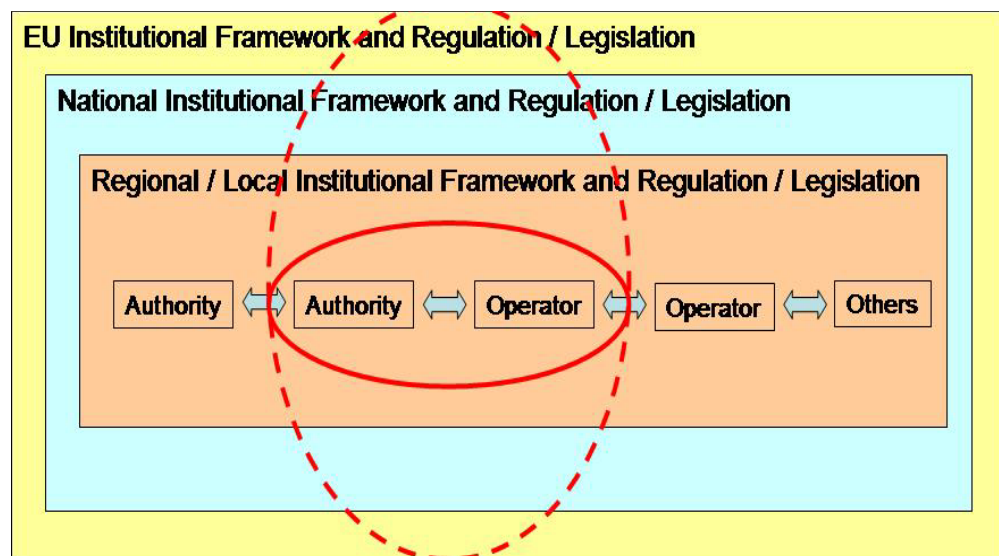
### **Institutional Framework and Cooperation**

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## Topics discussed

- **Regulatory framework**
  - on EU-level
  - on national and regional /local level
- **Institutional set-up and organisation models for urban PT**
- **Cooperation between authorities, intermediate organisations and operators**





## Questions discussed

- **What are the main changes in the EU-Regulation? How to react on the new EU-regulation at the national, regional and local level?**
- **Which regional/local laws make sense under what circumstances?**
- **Which organisational model is suitable for urban/regional transport under what conditions? What are the pros and cons of different organisation models?**
- **Which are the roles, tasks and responsibilities of authority, organising entity (public transport agency) and operators?**
- **How to design and set up an organising body?**



## Impressions from the Working Group Meeting

### Participating Experts

Peter Faross (EC, BE)

Steffen Tippach (CEEP, BE)

Michel Quidort (Veolia, FR)

Metodi Avramov (PTO Sofia, BG)

Stanislaw Jedlinski (Warsaw  
Auth., PL)

Zdenek Dosek (PTO Prague, CZ)

Kvetoslav Havlik (KORDIS Brno,  
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Rudite Revelina (Riga Auth. LV)

Branko Mikinac (PTO Zagreb, HR)

### Working Group Partners

Martin Ruesch, Rapp Trans, CH

Dieter Egger, Rapp Trans, CH

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Lutz Auerbach, VVO, DE





## Main Problems / Challenges relating to institutional Framework and Cooperation (1)

- Reaction on changes in EU –regulation
- Financial and organisational vacuum due to changes in the responsibility from the state to regional/local authorities
- Unstable or unclear regulatory setting
- Frequent political interference
- Unclear division of tasks, responsibilities and risks between authorities and PT operators

Coordination/Integration

- missing rules for integration of PT (local, regional, national)
- coordinators/integrators lack of power
- local and regional authorities are forced into competitive positions
- different PT modes are regulated by different laws → hinders integration
- unclear procedures for setting the transport scheme
- No organisational integration of local/regional PT
- Decision and coordination of tariffs and subsidies
- no technical standards for payment by card technologies + information systems (loc. & regional, national)
- International cross-border services (agreements), national laws which hinders competition

Responsibilities / Competencies / Right of Initiative

- Unclear responsibilities of actors (planning, financing)
- lack of power of PTA's
- Not clear rules for cooperation
- Lack of enforcement of legal obligations (e.g. use of city bus stops by regional buses)
- Incompetencies of smaller PT operators
- missing power of ticket inspector

Power: tariffs, technical requirements, timetables,

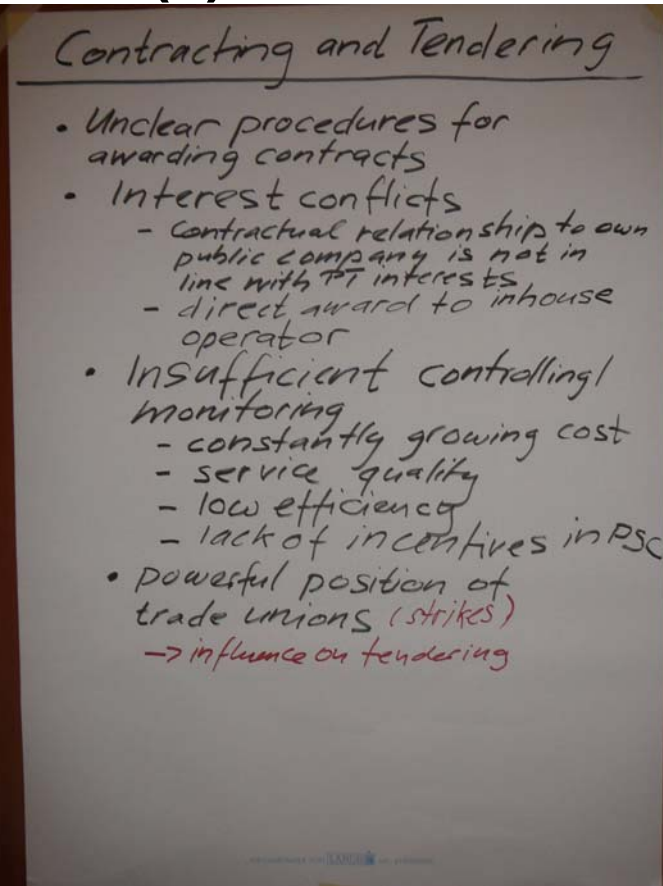
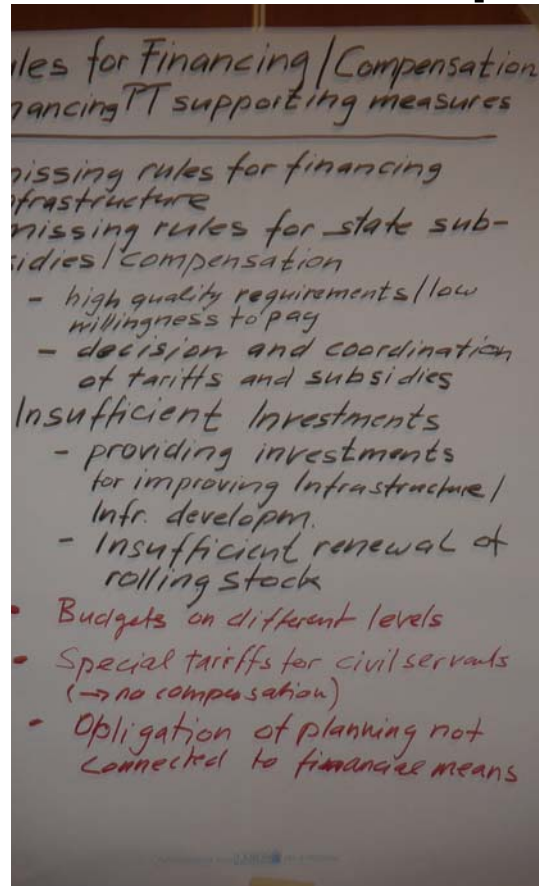
- Political differences
- Informal sector competing PT companies
- Discounts on national level → discounts on city levels (Responsibility to set tariff and discounts)





## Main Problems / Challenges relating to institutional Framework and Cooperation (2)

- setting-up of sound and stable legal framework conditions
- setting up of sound urban/regional organisational model
- the implementation of Public Service Contracts that clearly define the actors rights and obligations, with fair allocation of opportunities and risks for operators and authorities





## Regulatory framework on EU-level: New Regulation

- **Long History from initial proposal (2000) to the adoption (18.9.2007)**
- **General rules on How to organise PT**
- **Regulation does apply to PT Services by road and rail**
  - submitted to PSO
  - Requiring the granting of financial compensations and/or exclusive rights
- **Key content**
  - Minimum Requirements for PSC
  - Contract duration
  - Possibilities and borders for subcontracting
  - Possibilities and conditions for direct awarded contracts without tendering (mode, territory, control, size, ...)
  - Rules for competitive tendering (open, fair, transparent, non-discriminatory)



## Impact of New Regulation on National/Regional/Local level

- Obligation to have „transparent“ contracts
- **Growing market transparency** relating to public service obligations and compensation
- **High flexibility and freedom for national and local authorities** (e.g. social and quality standards, tendering or direct awarding, organisation)
- **Prevention of undercompensation** and overcompensation
- Higher Quality and Efficiency of PT Services expected
- **Not necessarily more competition** (more triggered by lack of funds)
- **Market limitation** for internal operators
- Market has changed in recent years, more new players
- **National regulations have to be in line with EU regulation** (contract design in 2 years, awarding procedures within 10 years)
- **EU-Regulation will solve some of the identified problems** (e.g. contracting and tendering)
- Application and experiences will show the final impact



## Institutional framework and regulation on national/regional/local level

- **Usually regulated issues:**
  - general responsibility of the public for PT
  - the right of initiative
  - the process of contracting PT services
  - conditions for tendering
  - compensation mechanisms, e.g. for tariff reduction
  - division of responsibilities among levels of authorities
- **Usually less regulated issues**
  - minimum amount of PT services provided
  - coordination of interregional, regional and local PT
  - rules for financing infrastructure, equipment and operation
  - possibilities for authority to finance PT supporting measures
- **Lack of adequate legislation more on national level than on regional/local level**
- **Many countries plan changes in the legal framework (e.g. Latvia)**



# Institutional framework and regulation on national/regional/local level

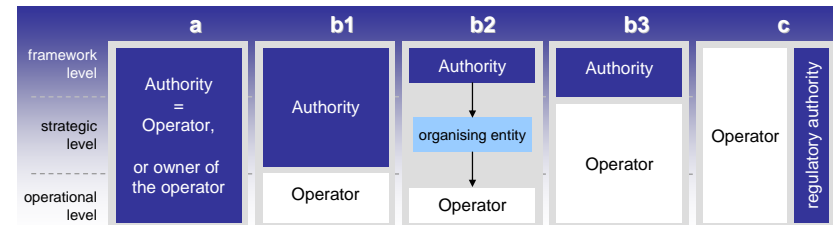
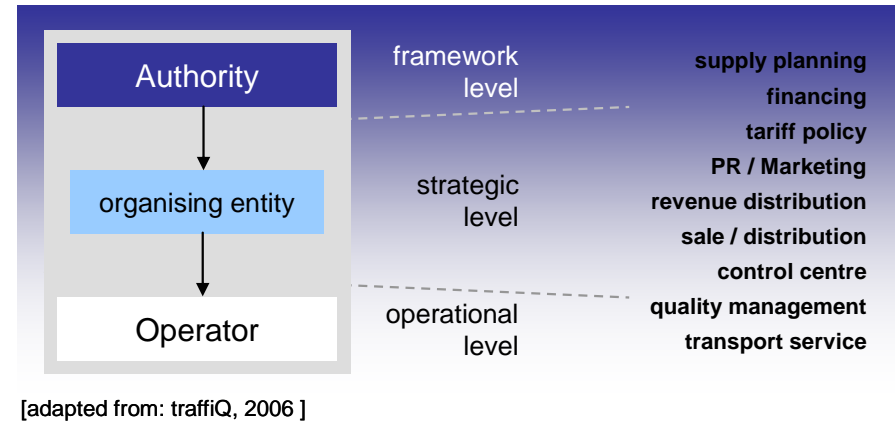
- Competencies should be in line with the responsibilities at the different levels
- The **contract between the authority and the PTO is in the centre with clear relationships**
- **Regulations are needed to set the framework and to foster integration (compensation, ev. tendering, financial responsibilities, funding) on all three levels**
- **Too much regulation could be a barrier for creativity and freedom of initiative of PTO's**
- The **authorities can decide on the level of freedom of the operators (confidence level)**
- **Besides the regulation a policy to increase the share of PT is essential (to reach more sustainable transport)**





## Regional/Local Organisation Models

- Many different organisational models possible
- Different task levels: strategic, tactical and operational
- Split of responsibilities crucial
- Trend to 2 and 3-step models with separation of authority (buyer) and PTO (operator)
- Contracts in transportation associations:
  - Cooperation contract → integration, revenue allocation, marketing, ...
  - Transportation-Service contracts





# Cooperation between Authorities and PT Operators

- **Optimal organisational model?**
  - Depending on regional/local conditions
  - Equilibrium between authority and operator
  - Coordinators/Integrators needed
- **Organisational models to improve PT integration**
  - Transportation associations (e.g. VVO, KORDIS, ZVV, Samtrafiken) and tariff associations
  - Cooperation agreements (e.g. timetable)
  - Coordination committee or working groups (KORDIS), sometimes in addition to transportation association
- **PT Service contracts**
  - Clear responsibilities, rights and obligations
  - Net cost contracts versus gross cost contracts
  - Level of freedom / responsibility for the PTO
  - Incentive contracts important





## Conclusions

- **Setting-up of sound and stable legal framework conditions and suitable urban/regional organisational model is important for an attractive public transport**
- **The new EU regulation is a step forward to reach harmonised conditions in public transport ( contracting and tendering):**
  - Freedom for organisational solution
  - Freedom for tendering or direct awarding
- **Contracts are at least so important as the regulation to provide high quality and efficient PT Services, important**
  - Clear roles, tasks and responsibilities
  - Fair allocation of opportunities and risks
  - Incentives to increase quality and efficiency (not only penalties)
- **Organisation models should support integration and guarantee a level of freedom to the PTO**
- **Strong PT transport policy essential (Organisation, Funding, ...)**