



## WG3: Market Organisations

- **Topic: Innovative Funding and Financing**
- **5 Sessions**
  - Introduction and verification of problems/challenges
  - Opportunities and risks of creating additional commercial revenues
  - Financing issues
  - Alternative (non-commercial) sources for funding PT
  - Main findings, conclusions and outlook



## WG3: Problems

- **Funding** the setting-up and operation of the PT system on the whole
  - low fare revenues / cost coverage municipal budget
  - no/little state aid
  - little funds from region
  - no long term investment plan
  - lack of PT legislation (responsibilities)
- **Financing of investments** if the necessary funds are not available
  - lack of public resources
  - limited possibilities for commercial bank loans (duration of PSC too short, credit rating)
  - Strong conditions for IFI loans
  - missing legal framework for PPP on local level
  - slow procedures with EU financing
  - lack of political support



## WG3: Good practice examples

- Additional Commercial Revenues
  - The case of the Verkehrsbetriebe Zurich (VBZ)
  - Creating additional commercial revenues - German cases
  - Experiences from an international operator
- Financing Issues
  - Financing PT projects by the EBRD
  - Financing by International Finance Institutions - the Sofia case
  - Financing PT projects by the EIB
- Funding and financing solutions for urban PT in Madrid
- Equity finance and risk sharing via PPP - the Pforzheim case
- **alternative (non-commercial) sources for funding PT**
  - Land value capture in Copenhagen
  - PT funding examples from Switzerland - tourism tax and infrastructure funds
  - EU funding of PT



## WG3: Conclusions related to additional commercial revenues

- **Most important activities for additional commercial revenues (today):**  
Advertising, Services for third parties, events/touristic offers, merchandising/sales, freight, renting, catering on board, .....
  - Additional commercial revenues possible
    - 2-4% German cities, 2-3 % Veolia, Zürich 8%, examples up to 13%
    - realistic 3 to 5%, potential 5 to 10%? In the future
  - **Innovative new Ideas:** Combination ticket sales with shopping, integration of taxi services, postal services, .....
  - **Chances:** Improve Image, Improve cost coverage, Improve position in competition
  - **Risks:** activities which are bad for PT Image, neglecting restructuring potential
  - Professional staff needed and controlling (financial, image)
  - Develop new services according to the strengths of PT
  - Do not forget other options to increase revenues / cost coverage (revenue increase, Bus prioritisation, use of parking fee for PT, etc.)
- **Additional services yes, but not at any cost/price** (not core business)





## WG3: Conclusions related to financing issues

- **Broad range of options** exist for financing infrastructure and equipment
  - Loans, Bonds, PPP
- **Conditions for IFI loans:** Business plans, Public Service Contracts, long term strategy, sound financing model, fulfill EU policy in the Case of EIB etc.) → influence on urban PT (in a positive way)
- **The money is available**, there is some political reluctance and missing commitment to make use of these options (because of misunderstanding, fear of losing control, etc.)
- **Good PPP Practices e.g.** in Spain, Germany and Poland
- **PPP is a promising option (especially for CEEC)**, but needs strong commitment of Public Body
- **PPP** often not understood by the politicians
- PPP not only for financing but also sharing risks and know-how
- **Long term security / concessions** important
- Integration of PPP project in existing tariff system important



## WG3: Conclusions alternative (non-commercial) sources for funding

- **Options on local level:** use of parking fees, tourism tax, value capture, road pricing
- **Options on national level:** infrastructure funds, fuel tax
- **Options on EU level:** EU Cohesion funds/Structural and Social funds (Within CEEC limited use for PT, national priorities)
- Not all good practices directly transferable, national and local framework conditions relevant
- Lobbying/Training politicians
- Strong regional/local power favours funding of urban PT
- Climate Change/CO2 can bring PT on the political agenda (extra funds)

