



Sustainable Financing of Public Transport

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CATCH Interest Group meeting
The Hague, The Netherlands

November 15-16th 2010





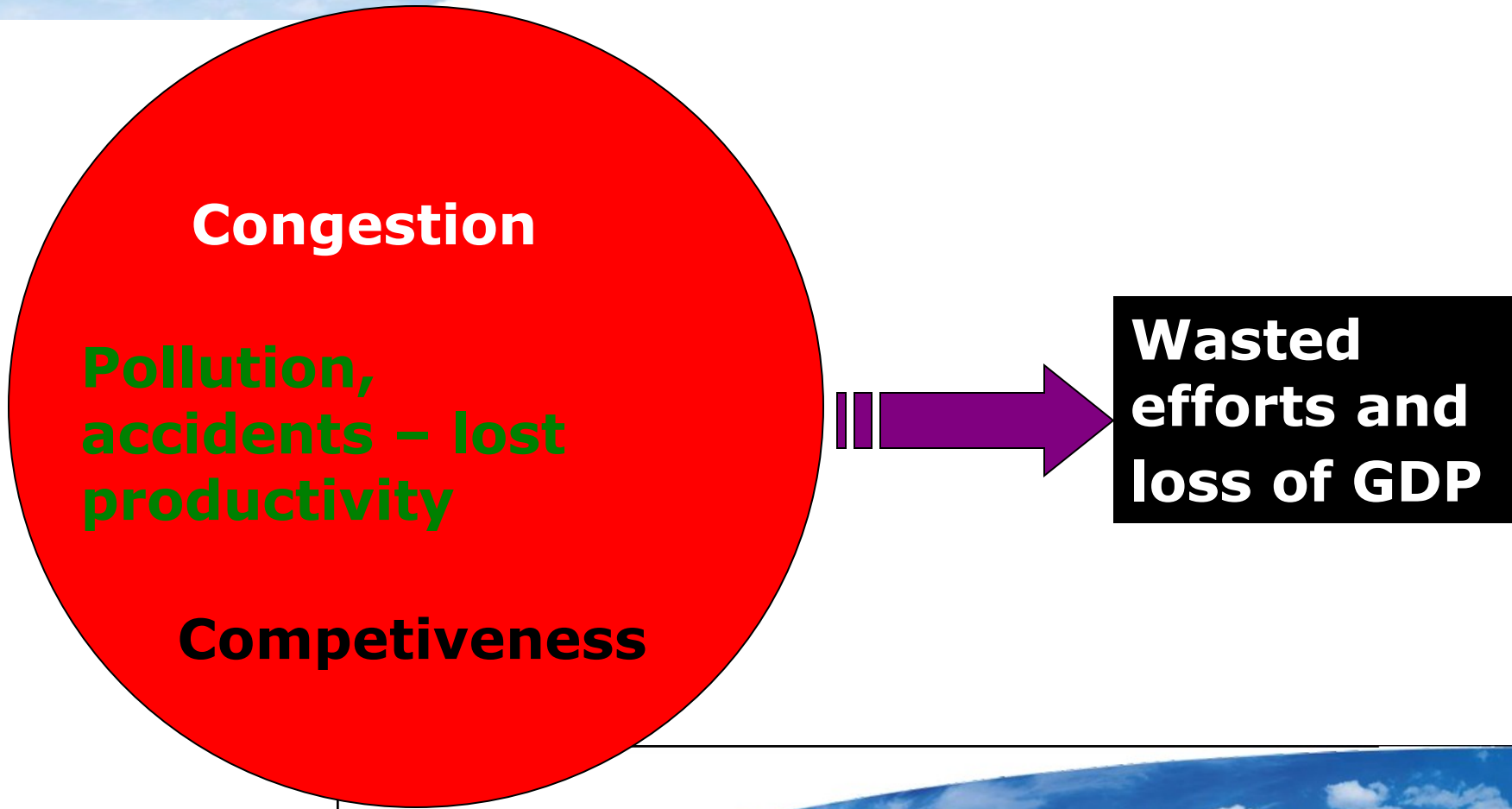
Economic Development



- **70-80% of GDP is generated in urban areas**
- **Increases in GDP corresponds to increase in demand**
- **Manage energy use, reduce dependency on fossil fuels and improve balance of payment**
- **Attract investment and offer a productive labour force**

→ No city today is functioning well without public transport

**Present economic model says
its OK to waste money**



How to pay for public transport ?

- **Traditional Funding models for organised public transport**
 - Farebox
 - Compensation for social fares
 - Compensation to ensure service levels and quality
 - Commercial revenues

Historically loss making = Requiring public funds and private sector *appears* more attractive



Different Funding and Financing models



- **German model** – mineral oil tax, increased fares (since 1991), cost cutting, cross compensation
- **French model** – *versement transport* keeps fares artificially low, société mixte
- **Private contracts** – UK, Australia, Scandinavia
- **Others**



Three traditional principles ...

Public

**Private
/informal**

**An
'uncomfortable
' mix**

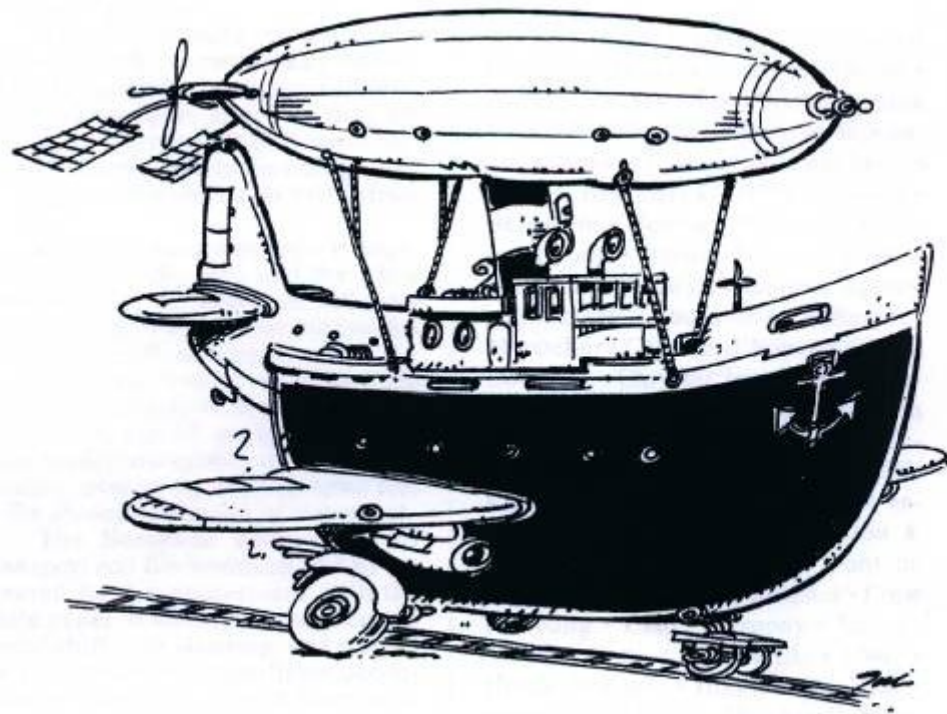
**Little integration across city
wide mass transport system**

Average farebox recovery – difficult to compare



- **Varies between 30-50% (typical in France and Italy) to Germany nearer 77%**
- **North America average is around 30% but Toronto is over 70%**
- **Brazil little support but huge passenger number (larger cities doing better)**
- **Private operator margins also vary**

Change the mentality.....



TRANSPORT OF THE FUTURE

Public transport is NOT a cost but an investment where everybody wins - not only those that use it!

Direction and focus matter...

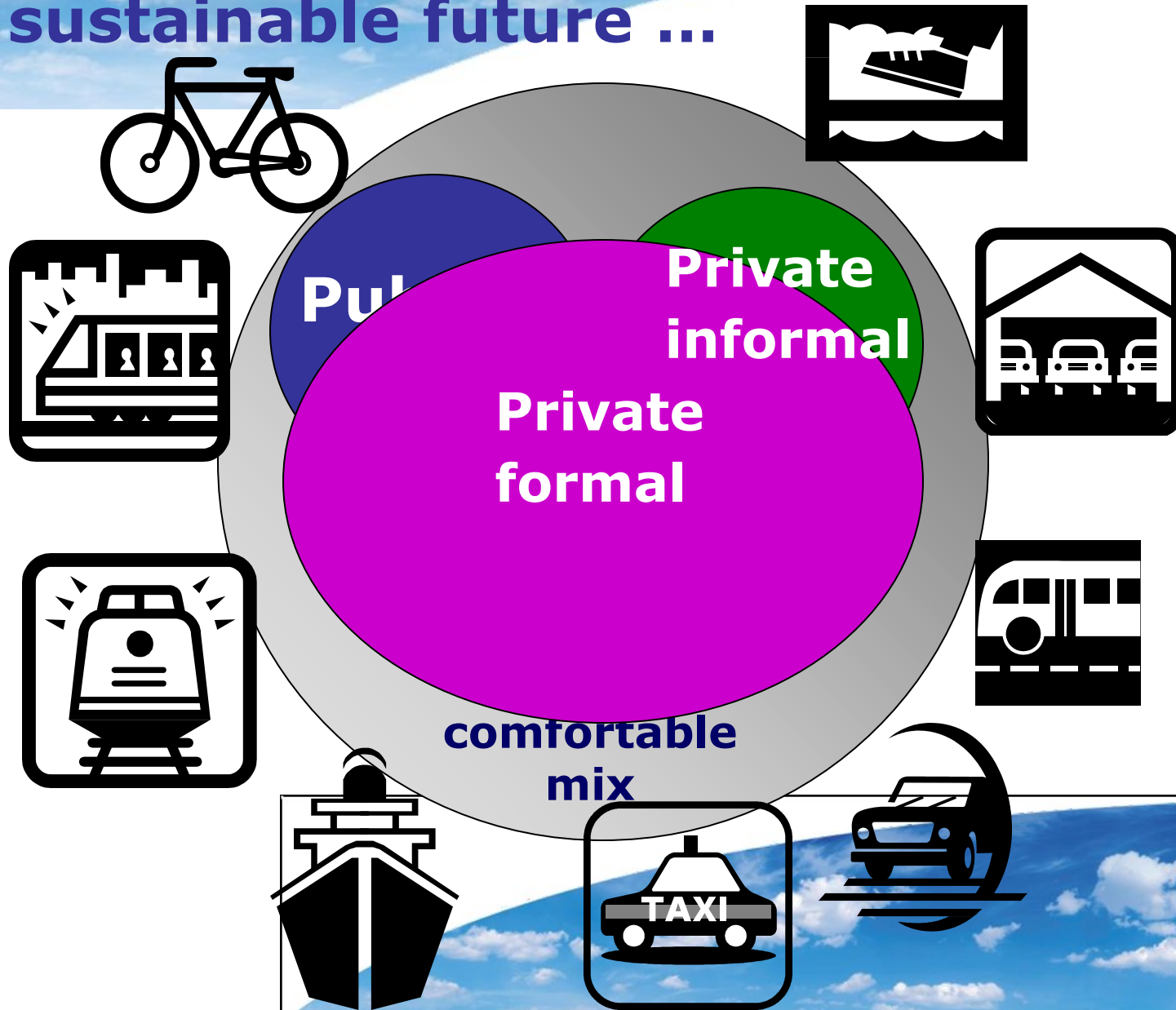
The BIG question!



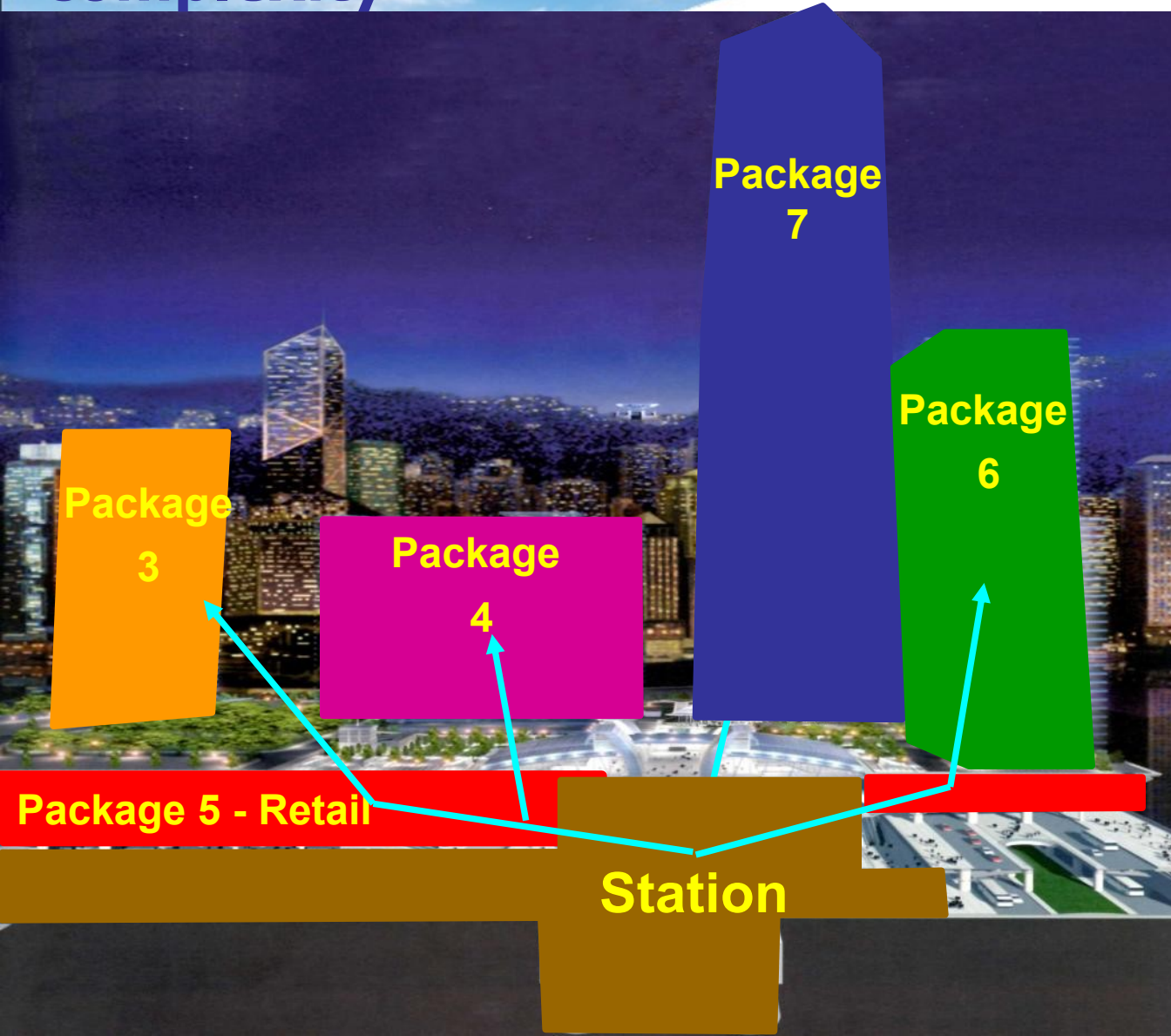
**Traditional funding
and 20c tickets is
not going to do it!**

**How to capture the
wider value and what
to value ...**

Moving from the traditional to a sustainable future ...



MTR, Hong Kong e.g. Kowloon Station Development - a mega development of great complexity



Integration by comprehensive planning

- Horizontal
- Vertical
- Functional

Subdivision into 7 affordable packages and implemented as a coherent whole

Why cities would be worse off without PT?

PT Empowers the Economy

- Present economic crisis calls for deep change
 - Right moment to trigger societal change
 - Abandon car-dependent life-style
-
- ➔ Safe and green jobs
 - ➔ Often largest employer of a city
 - ➔ Every €1 in PT generates €4 in total economy
 - ➔ Reduce dependency on fossil fuels and improve balance of payment



Why cities would be worse off without PT?

PT helps the planet breathe

- Transport = 30% of total energy consumption in the EU and about 19% of GHG emissions in the world
- Growing demand for mobility
 - PT consumes 3-4 time less energy per pass-km
 - Policy change in favour of PT is needed, in addition to technological solutions!



How is the future going to look?



- Connectivity not mobility
- Cities should be designed on a human scale with choice and liveability as key values
- Infrastructure will shape people's mobility behaviour (decisions today will last for the next 30 yrs)
- ~~Subsidy~~ => NEW WORDING
Compensation? To fill the gap ...



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Thank you!

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