

Free services: an illusion and threat to public transport

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Now here is a topic that brings economists out in a rash. What happened to the fundamental economic principle that making a resource available involves putting a price on it? Why then do politicians keep putting free public transport back on the agenda as THE miracle solution for triggering for a mass modal shift from car to public transport, and thus preventing our cities from becoming paralysed? Is that really realistic?

It would appear so since some cities have opted for free public transport services, and are continuing with them. In Hasselt, Belgium, a study conducted four years after the introduction of free public transport shows that the number of bus journeys increased sevenfold while supply only tripled. The operator DeLijn recorded a 23% shift. French cities such as Vitré, Châteauroux, Figeac or more recently Gap are also providing free public transport services. However, while the number of proponents of free public transport is increasing, no study has been conducted to thoroughly assess its impact, especially the cost/benefit ratio, on the community. Although some benefits have been highlighted such as preserving the attractiveness of the city centre by easing access by public transport, developing young customers' loyalty in order to retain their custom once they reach driving age, cutting costs related to the sale, management and inspection of tickets, etc; they are not the preserve of free public transport; these are the objectives of public transport in general. It is of course possible to achieve the same goals by asking passengers to pay and by adopting a

voluntary policy for public transport while skirting the secondary or perverse effects of free transport.

The first of these effects is waste. It is human nature to over consume what is not paid for. Consequently, an abundance of free public transport may well result in gangs using the bus as a substitute for the stairwells of their buildings with all the inconveniences this can cause to the other passengers. What then will be the impact in terms of the image projected by free public transport? Negative without doubt. If it is difficult enough for PT to be well-considered by citizens when they pay, it would even be more complicated if these services were free of charge. What value would PT have in the eyes of citizens when they pay nothing to use it? And how do you set about marketing a service that is free of charge?

Although considerable savings could be made on costs related to fare collection and management, it would be out of the question to do away with inspections altogether, because even though initially designed to combat fraud, controls are also

good opportunities for ensuring security on public transport networks.

The list of arguments against free public transport is long but we should ask 'are citizens actually calling for it or is it merely a pipe dream of politicians in search of electoral support?' Surveys help bring this out clearly: when asked why they do not use public transport, citizens never mention price as the main inhibiting factor. Moreover, studies on the price elasticity of demand also show that the correlation is very weak. Besides, why give freely to those who are willing to pay? What citizens want are transport services that are user-friendly, comfortable, reliable and safe. With regard to pricing, an easily understandable fare structure should be used that makes public transport appealing. In other words, a flexible fare system allowing citizens to choose public transport whenever they feel like it or need it but to use their car or another mode on other occasions. In a nutshell, endeavour to attract non-captive riders. We should not seek to compel all passengers to commit to monthly or weekly passes but aim to

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sell them single journeys which they can use at their convenience while enjoying the price benefits of a pass season or ticket. (José Viegas called this setting fares to promote "mode switching"). Smart ticketing has the technology to design such a product; it is now up to the organising authorities to define it. Coming back to free public transport, this service should of course continue to exist for some categories of users and in this case, subsidies should be paid directly to them and operators should not be used as social intermediaries. Here again, electronic ticketing can be of use.

Geneva has put the cost of funding free public transport at EUR 100 million per year. Is it not better to devote this money to improving quality and increasing supply? And finally, is free public transport not a pretext for halting the development and promotion of public transport? Because once public transport is free, nobody will, for example, dare to regulate car traffic, construct bus lanes or give buses right of way at traffic lights. Who will pursue investment to improve quality and internal and external productivity?

Operating conditions will deteriorate and since the system does not generate any income it will depend entirely on public funding, itself constantly dwindling. This will inevitably lead to the breakdown of the system. In turn this will engender English-style privatisation and we will move from a free service to one where there is no control over fare levels, with all the exclusion-related consequences this might bring about. The stability and continuity of the public transport system depend on finding common ground between the various sources of funding: fare revenue, compensation for public service obligation and other commercial sources. Upsetting this equilibrium will mean taking huge risks regarding the survival of the system, which advocates mobility for all. And as paradoxical as it may seem, free public transport will not, after all, lead to mobility for all.

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Warsaw Tramways Ltd has received EU help for two projects in the period of 2004 – 2006:

1. Bemowo – Mlociny extension: total help of ca. €3.5M, 2.2km double track, completed ahead of schedule.
2. Banacha – Al. Jerozolimskie – Goclawek route modernisation: total granted help of ca. € 24M, 12 km of double track, traffic light priorities, passenger information system, 15 low-floor trams; completion expected in late 2007.



For years 2007 – 2013 the Company plans a complex development programme, consisting of 8 projects:

1. – 5. New tramway routes (Wilanów, Tarchomin with Northern Bridge, Bemowo – Wola, Krasinski Bridge, Warsaw Park of Technology), totalling over 33 km of double track to be equipped with approx. 130 new low-floor tramway cars;
6. – 7. Modernisation of existing routes (Jana Pawla II Avenue, East-West route), totalling 17 km of double track, traffic light priorities, ca. 40 new low-floor tramway cars etc.;
8. Supplemental rolling stock exchange – a purchase of 50 new low – floor tramway cars.

Application of the programme depends on a positive decision to grant financial help of the European Union.



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