



International Association of Public Transport  
Union Internationale des Transports Publics  
Internationaler Verband für öffentliches Verkehrswesen  
Unión Internacional de Transporte Público

**International  
Conference  
on Public  
Transport**

**Prague  
10 May 2005**

## **Organisation of Public Transport and Relationships between Authorities and Operators**

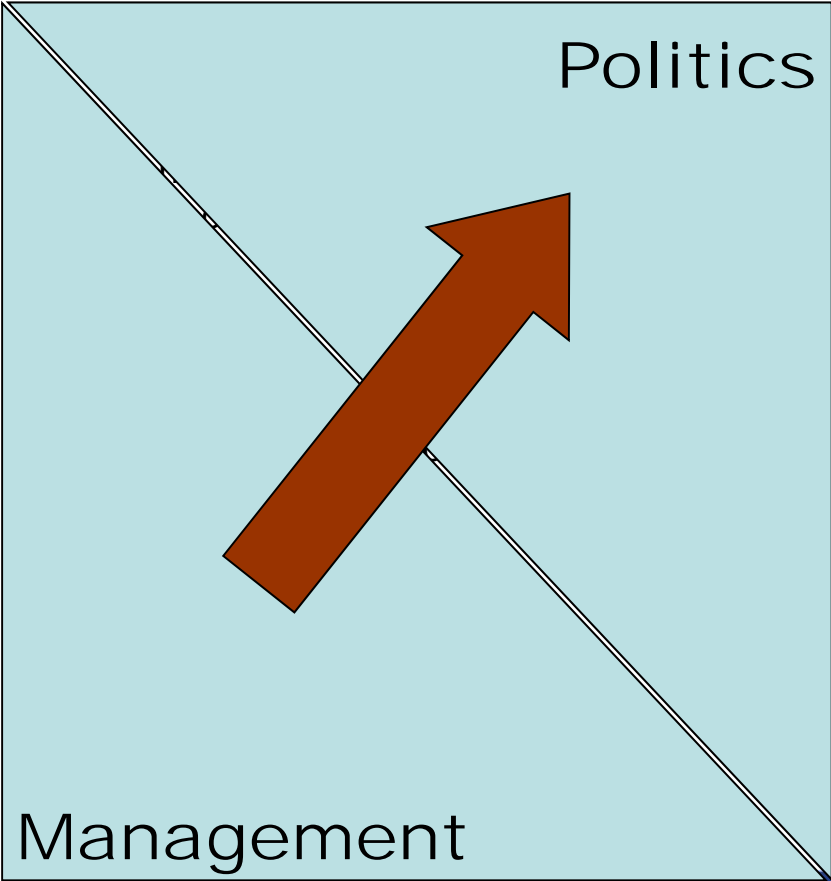
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**Better mobility for people worldwide**

## Public transport networks are very complex to organise in large urban environments

- Individual vs. collective goals
- Complementarity between private and public modes
- Financial stability
- Multi-modal networks, including railways
- Services often operated by several operators
- Shared responsibilities for the organisation of public transport (complex institutional frameworks)
- Special patterns of trips

# The three different levels of public transport organisation



# The Public Transport Authorities Models

**Integration  
and co-  
ordination are  
the success  
factors for  
good public  
transport  
system**

- Organising authorities created ad nihilo by political bodies: eg. UK («PTA/PTE»), Germany («Verkehrsverbund»), France («AO»), Spain («Consorcio de Transportes»)
- Historic public operators turned into organising authorities in charge of the tactical level, becoming “mobility agencies”, “network integrators”
- Public authorities in charge of several urban matters, with in the first place public transport

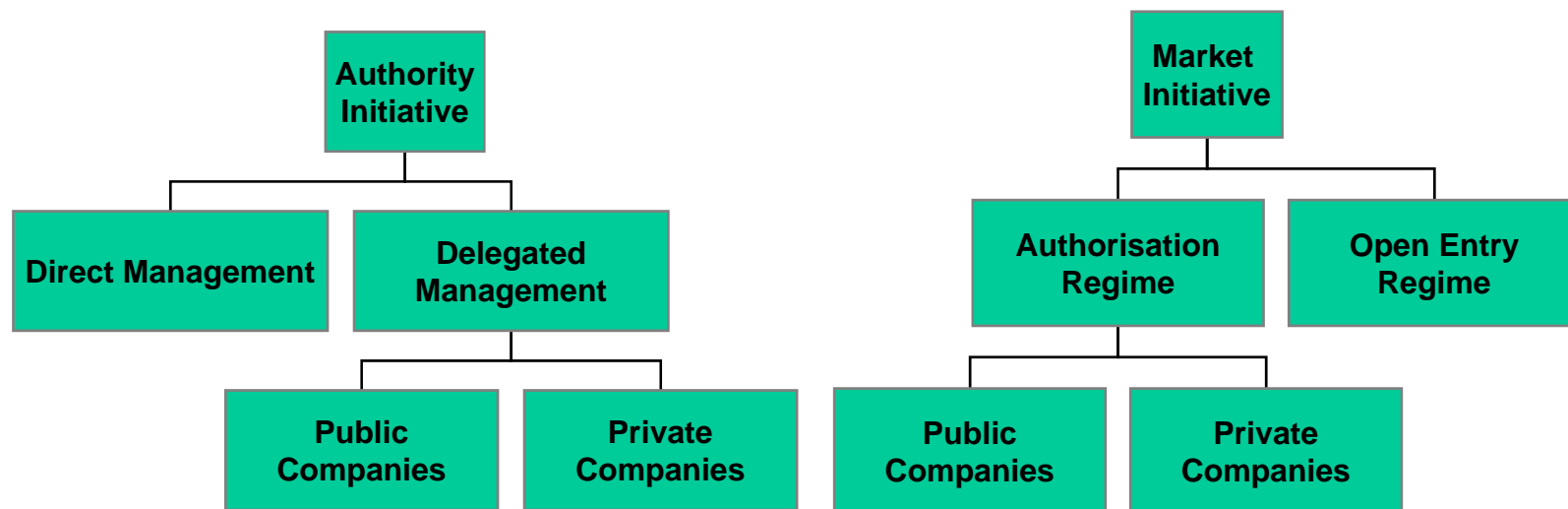
# Increasing number of Public Transport Authorities (source: EMTA)

<b>PTA</b>	<b>Date of creation</b>	<b>PTA</b>	<b>Date of creation</b>
Amsterdam (ROA)	1993	London (TfL)	2000
Athens (OASA)	1977	Lyons (SYTRAL)	1983
Barcelona (ATM)	1997	Madrid (CTM)	1985
Berlin (VBB)	1996	Manchester (GMPTE)	1968
Bilbao (CTB)	1975	Munich (MVV)	1975
Bremen (VBN)	1989	Newcastle (Nexus)	1968
Cologne (VRS)	1987	Paris (STIF)	1959
Copenhagen (HUR)	2000	Prague (ROPID)	1993
Dublin (DTO)	1995	Rhine-Ruhr (VRR)	1990
Frankfurt (RMV)	1994	Sevilla (CTS)	2001
Glasgow (SPT)	1973	Sheffield (SYPTE)	1968
Hamburg (HVV)	1996	Stuttgart (VVS)	1978
Helsinki (YTV)	1996	Valencia (ETM)	2000
Leeds (Metro)	1985	Vienna (VOR)	1984
Liverpool (Merseytravel)	1968	Zurich (ZVV)	1990

# Competences of Public Transport Authorities

- Territorial competence (full vs. shared)
- Modal competence (integration issue)
- Competence for specific transport services
- Competence for other aspects of urban mobility (car traffic, parking management, taxi regulation, road charging) and for land use planning

# The Right of Initiative



# The Level of Regulation

## **Regulated market:**

PT is associated to objectives of collective interest and can not be left to the market

= > public authorities regulate, set up the rules: organise, plan and monitor PT

## **Deregulated market:**

PT is seen as a pure market service

= > public authorities have a limited role to promote PT and to ensure the provision of non-profitable services



# Pros and Cons



**Open  
Market**

Flexibility  
Efficiency in  
production

Risks of poor network integration  
Disturbance of social service  
Risks of reduced quality

**Delegated  
Management**

Transparency  
Competitive  
pressure

Too heavy and  
lengthy procedure

**Direct  
Management**

Stability  
Integrated network

Higher costs deriving from  
inefficient operational practices

## What relationships between authorities and operators? contractually based or not ?

- Main trend is the generalisation of the use of contract (example of UK, Germany and France)
- Contract given by direct award, or tendering procedure
- Liberalisation ≠ deregulation

# The Classical Types of Contracts

- The contract determines the allocation of risks taken by each party and the type of remuneration in relation to the overall objectives set up by the parties
- Industrial vs. Commercial risk (cost vs. revenues)
- Management contract
- Gross cost contract
- Net cost contract
- Incentives
- Quality partnership agreement

# Types of Remuneration

- Management contract: remuneration not directly related to the profits but may include incentives (increase of revenues, patronage...)
- Gross cost contract: operator remunerated by a contribution of the OA based on the costs, with possible bonus/penalty schemes
- Net cost contracts: operator remunerated by the revenues and by a compensation payment fixed by the OA.

## Cross-table between the types of risks and the types of contracts

	Management Contract		Gross Cost Contract		Net Cost Contract	
	Risk by OA	Risk by OP	Risk by OA	Risk by OP	Risk by OA	Risk by OP
<b>Industrial risk (costs)</b>	<b>X</b>			<b>X</b>		<b>X</b>
<b>Commercial risks (revenues)</b>	<b>X</b>		<b>X</b>			<b>X</b>

# The Marginal Use of Contract in UK

- Deregulation since Transport Act of 1985
- Commercial operation: financially attractive services fully deregulated. Operators are free to operate under their own conditions. (competition to enter the market and within the market) → **No contract**
- Non-commercial services delegated by PT authorities **with contract**
- Specific regulated situation of London

# The Development of Contracts in Germany

- Legislation of 1996
- Commercial services: financially self sufficient  
**No contract**, but operators have to apply for an authorisation/license. Direct award with exclusive right for a limited period of time.
- Non-commercial services: social services delegated by an administrative act or **contract**, with tendering procedure

# The Frequent Use of Contracts in France

- Loti Act 1982:  
Operation under public administration or delegated in the framework of a **contract**
- Since Sapin Regulation 1993: if delegation, authorities must use tendering procedure under certain conditions depending on the amount of the contract.



## Planned legal framework on EU level

### Future revised proposal (1/2)

- Public service obligations have to be compensated
- A contract has to be signed each time a compensation or an exclusive right is awarded
- Contract has a limited duration

## Planned legal framework on EU level

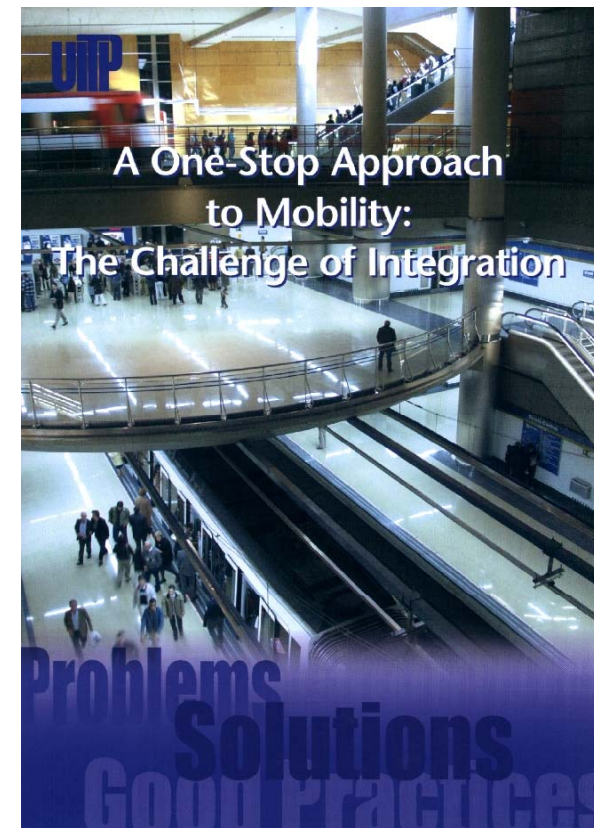
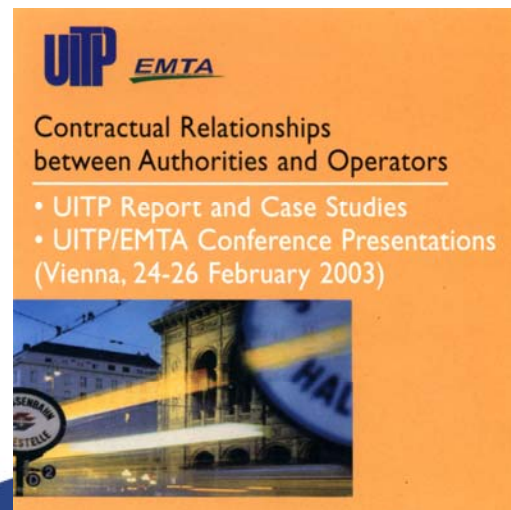
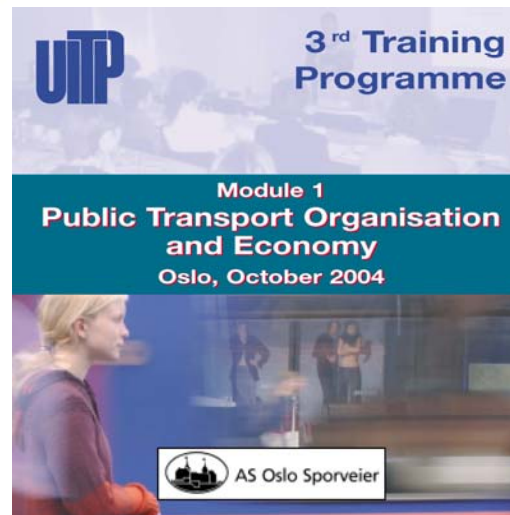
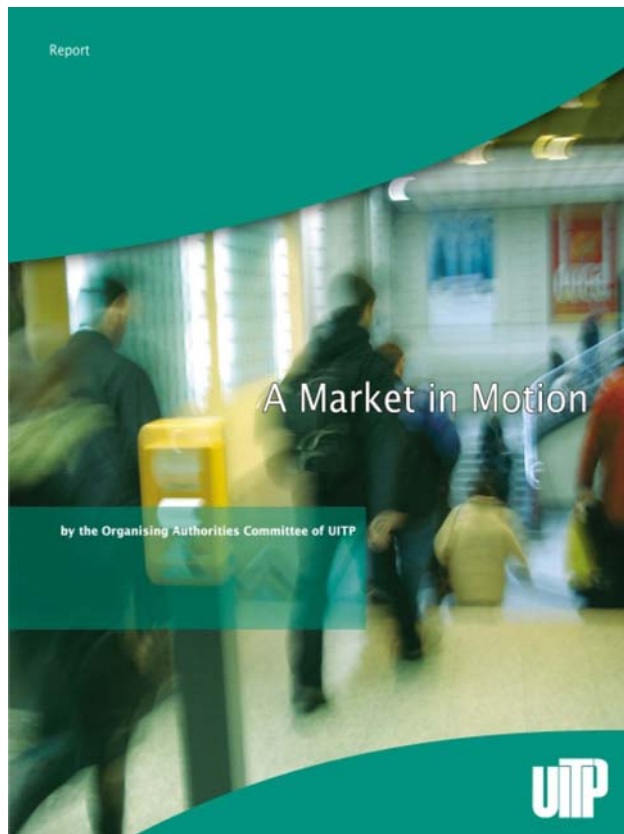
### Future revised proposal (2/2)

- Contracts shall be put out for competitive tender (transparent, objective and non discriminatory procedure)
- Contract can be directly awarded in certain cases (eg. small value, emergency)
- Possibility for competent authorities to provide the transport service themselves or to award directly the contract to an internal operator under certain conditions (cf. Altmark case)

## Conclusion: Contradictions and challenge

- How to regulate competition without compromising entrepreneurship?
- Or how to favour innovation and dynamism without affecting the general interest dimension of public transport?

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**Thank you for your attention!**

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