



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

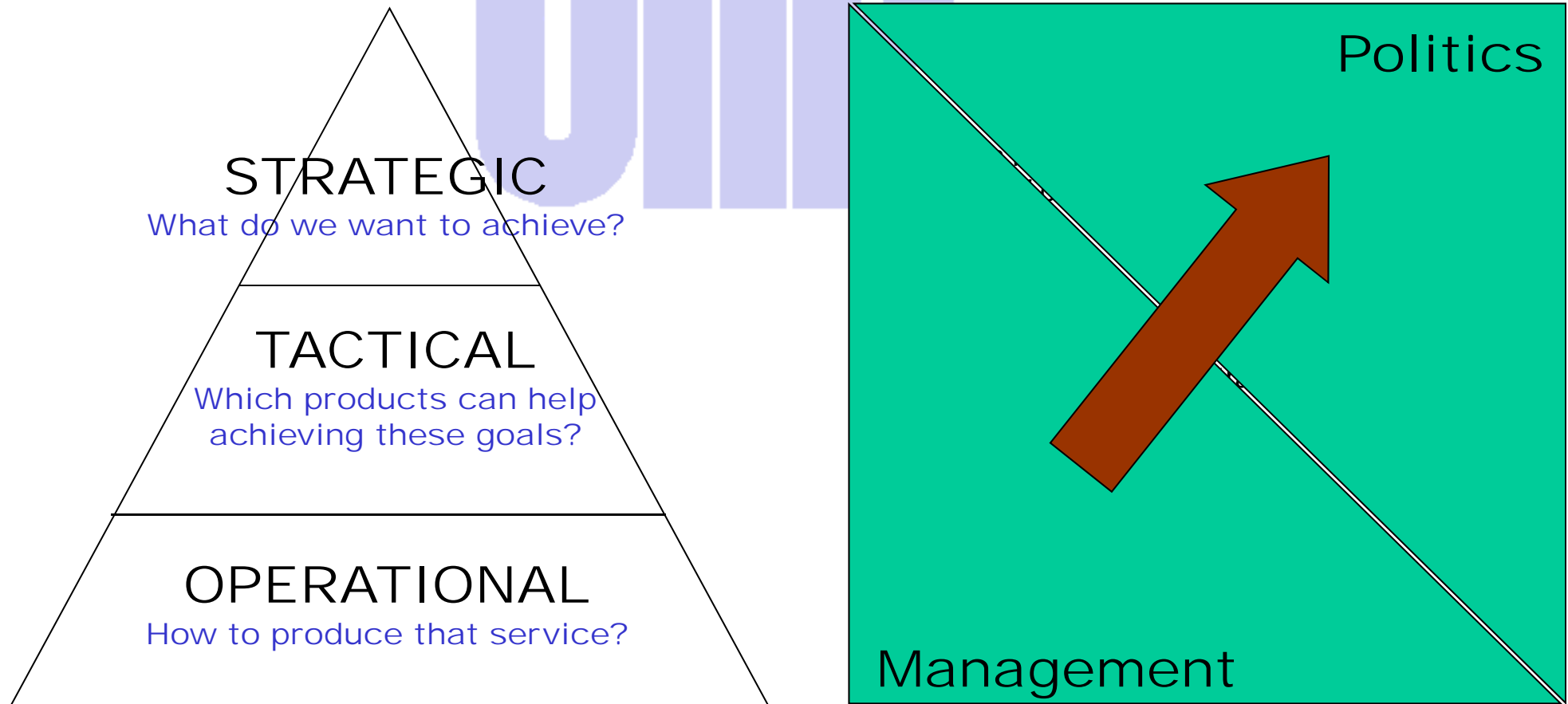
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# Public transport networks are very complex to organise in large urban environments

- 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

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

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

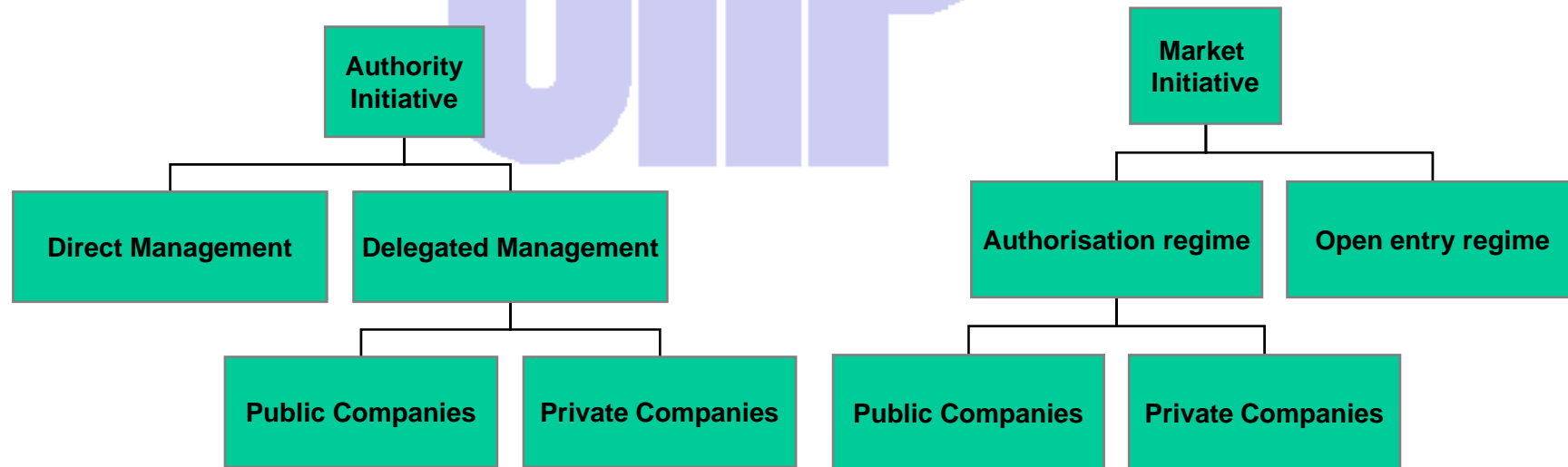
# Increasing number of Public Transport Authorities (source: EMTA)

<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 (MVG)	1975
Bremen (VBN)	1989	Newcastle (Nexus)	1968
Cologne (VRS)	1987	Paris (STIF)	1959
Copenhagen (HUR)	2000	Prague (ROPID)	1993
Dublin (DART)	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 rule: 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



# 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  $\neq$  deregulation

# 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 Contract 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 Contract in France

Loi 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.

# 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/malus 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>

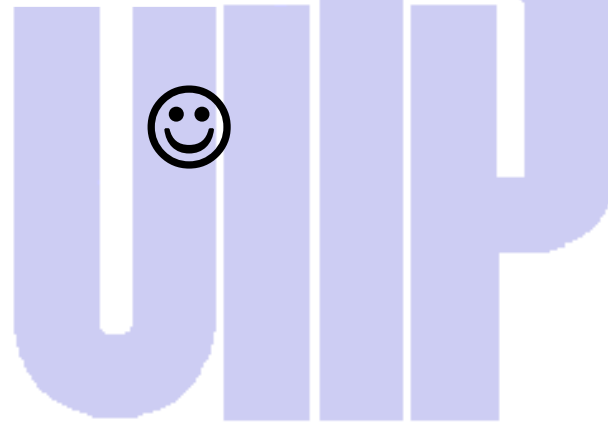
# Contradictions in current practice related to competition and marketing activities

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

**=> Challenge of true partnership between actors with complementary responsibilities**



# Pros and Cons



**Open  
Market**


**Delegated  
Management**



**Direct  
Management**

# Case studies

- Tendering process Yes/No
- Contract type (if applicable)
- Risk taken by the Authority Industrial/Commercial
- Risk taken by the Operator Industrial/Commercial
- Incentives Yes/no
- Duration Number of years
- Share of responsibilities between Authority and Operator(s)

# Pros and Cons



<b>Open Market</b>	 Flexibility Efficiency in production	 Risks of poor network integration Disturbance of social service Risks of reduced quality
<b>Delegated Management</b>	Transparency Competitive pressure	Too heavy and lengthy procedure
<b>Direct Management</b>	Stability Integrated network	Higher costs deriving from inefficient operational practices