

The “Versement Transport” as a Successful Way to Fund and Develop Public Transport

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In 1973, the French Government created a new tax called the "versement transport". 1% of all salaries paid to employees by companies of over 9 would be dedicated to public transport. The tax would be paid through the social security authority (URSSAF) and then made available to the Paris Transport Authority (STIF) to be used exclusively for public transport investments.

This was made possible by the environmental crisis of the early 70's and the accepted belief that there would be fuel shortages and that the automobile ceased to be the only mode considered for the future of mobility.

Today, it would probably be absolutely impossible to create such a tax for all kinds of political and economic reasons.

The success of this new resource in Paris was rapidly extended to the rest of the country so that today, it can be implemented within transport authorities of as little as 10000 inhabitants. The rules have slightly changed and the resource can be used for operational expenses also (not just investment). The percentage has also been increased and the range can go from 0 to 4% depending on the size of the urban area and the type of investment made (light rail projects allow the authorities to raise the percentage for example).

One of the most noticeable consequences of this funding system is that many authorities have been able to fund a large fraction (sometimes all) of their public transport expenses through the "versement transport".

A side effect is that the private companies that could not operate at loss and would have disappeared because of declining patronage in the late 60's and early 70's were awarded "delegated contracts" by the authorities. A lump sum (coming from the new resource) was paid to them on a yearly basis to continue operating the system, so that they now shared part of the revenue risk with the authorities. It is also one of the reasons why the "old" French private public transport companies are still in existence today as opposed to those of other European countries such as Germany, Britain or Italy. They have remained technically oriented companies that base their experience on over a century of operation.

The paper will present this in more details and give more precise data and examples.