

TRB - TED

Financing Urban Transport
France and Europe

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le **cnam**

Introduction

- Europe was faced with a decline in urban transport patronage due to the increase in auto ridership roughly 20 years after the US
- It became a serious issue in the sixties (the deficit of urban transport operation became unbearable)
- Different countries reacted differently, but all had to increase some form of taxation to avoid unbearable fare levels
- Everywhere, public entities took over the responsibility for providing service which could no more be supplied by private operators at their own risk

France VT

- In France, local governments had to cover public transport deficits in the sixties
- In 1973, a new tax (« versement transport ») which we will call the « transport tax » was created first in Paris, then in local governments over 100000 then over 50000 and now over 10000
- A percentage of all salaries of companies over 9 employees and located within the boundaries of the LTA (Local Transport Authority) was dedicated to public transport.

France - VT

- The use of the tax was first limited to investments but it can now be used to contribute to operating costs
- The percentage varies from one LTA to another. It is decided by the LTA elected board within legal limits and depending whether there is light or heavy rail or other important long term investment

France - VT

Territory	Percentage
City of Paris and and Western Paris Suburbs	2.6%
Eastern Paris Suburbs	1.7 %
Periphery of the Paris Region	1.4%
LTA 10000 to 100000 inhabitants	0.6
LTA over 100000 inhabitants	1%
LTA over 100000 inhabitants with urban rail or BRT	1.75 %

France – VT – 2008 data

- Total 7.3 Billion dollars
- Paris Region 3.8 Billion dollars
- Other LTA's 3.5 Billion dollars
- VT has greatly increased for the past 7 years but is now stabilized because of the economic crisis
- It covers 37% of operating costs in LTAs with urban rail
- Total average operating costs are 160 USD per inhabitant in LTAs with rail and 100 USD per inhabitant for other LTAs over 100000

France: operating cost coverage

- Fares cover about 19% of operating costs in French LTAs (the net amount increased in the past decade because of the increase of ridership)
- The average VT yields 93 USD per inhabitant or 44% of operating costs
- LTAs contribute about 122 USD per inhabitant or 35%
- The remaining 2% are national subsidies

France: Investment

- 2,4 Billion euros invested in 2008 (amount decreasing)
- 27% for rolling stock
- 20% public works
- 17% real estate
- Coverage: loans 52%, LTAs 37%, National 6%, Partner local governments 6%

France conclusion

- VT made it possible to maintain public transport in France even after its decline with the growth of automobile ridership
- It would not be feasible politically today but it was then
- Many countries are jealous of this French resource
- Side effect: private companies survived

Sweden (1978 legislation)

- the Regions are in charge of funding public transport,
- buses are financed by the private operators,
- trams and trains are financed by the authorities
- operations costs are covered by municipalities and regions and operations are delegated to private companies

Germany

- 1971: 3% of the gas tax for transport infrastructure (shared between public transport and highways)
- Since 1993, Regional entities (Verkehrsverbände) provide 95% of public transport
- Funding is public but the trend is towards an economic balance between public transport revenue and expenditure through competition with a constant decrease of subsidies