

Achieving a new quality of urban and regional public transport in Central and Eastern Europe

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Abstract - VOYAGER is an initiative of the European Commission's Directorate General for Transport & Energy, Clean Transport Unit and managed by UITP. The objective of the project is to create a vision and make recommendations (to the EU, national, regional and local government and other key stakeholders) for the development of sustainable high quality European local and regional public transport systems for the year 2020.

This paper summarizes initial findings on current issues identified within VOYAGER for the Accession countries. A state of the art study and expert meeting in Bristol has shown that despite many positive examples, most Accession countries are making relatively slow progress towards implementing new and renewed infrastructure, modern measures, technologies and policy ideas in their public transport systems. Particular problems are found in the areas of sustainable financing, know-how and the will for change.

1. Introduction

VOYAGER is an initiative of the European Commission's Directorate General for Transport & Energy, Clean Transport Unit. The project is headed by UITP and technically managed by an international team of public transport organisations, local authorities, research centres and transport consultants.

The objective of the VOYAGER project is to create a vision and make recommendations (to the EU, national, regional and local government and other key stakeholders) for the implementation of attractive, clean, safe, accessible, effective, efficient and financeable European local and regional public transport systems for the year 2020

During the first phase of the project, which started in September 2001, six expert working groups have examined the state of the art and identified current problems and barriers to the implementation of competitive and attractive public transport systems. During its second phase, starting at a workshop in Bristol on 3-4 of April 2003, VOYAGER is considering the impact of global trends on the future of public transport in preparation to prepare policy and RTD recommendations for all public transport stakeholders at local, regional, national and European level.

The following document presents the initial findings of the project which will be completed by the end of 2003.

1.1 Accession country issues

From the start of the project it has been realised that the development path to the VOYAGER aims in the Accession countries may be somewhat different due to the different historical development and current state of public transport and institutions in many of these countries.

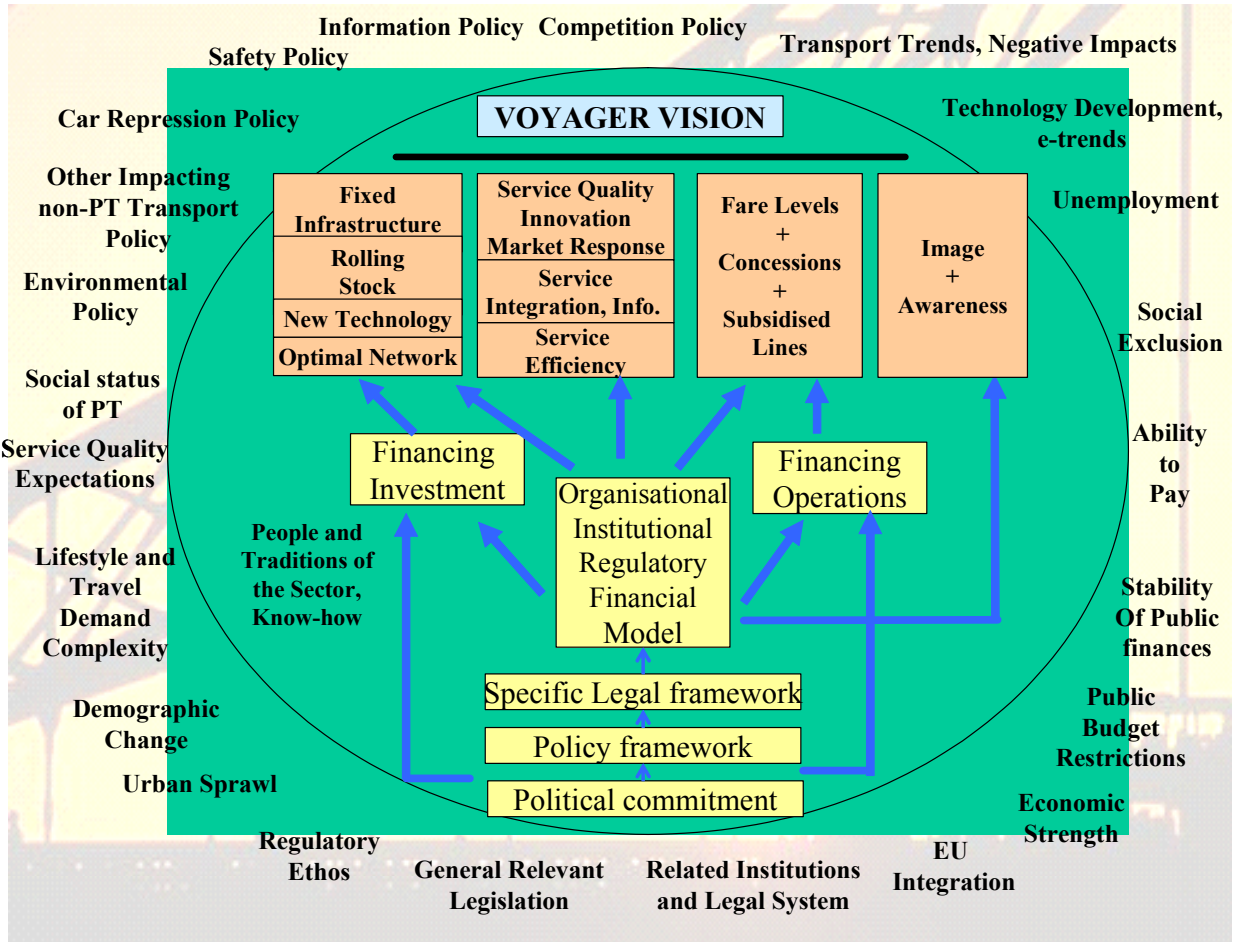
In the first stage of the project until March 2003, the Central and Eastern Europe or Accession countries state-of-the-art review, created from literature and a collection of inputs from experts in a number of countries, maps current trends, driving forces and best practice examples, and highlights major existing problems and barriers for the implementation of change. Finally, the review briefly outlines some potential solutions.

In the second stage an Accession Country Issues Panel comprised of experienced public transport experts from a number of countries has been set-up to

- validate specific Accession country issues, problems and current key barriers (with major impact on public transport development)
- identify future major challenges : new challenges arising in the future given global trends / external developments or current key barriers that are hard to overcome effectively in known ways even in foreseeable future circumstances
- explore the outline solutions and associated policy recommendations required to overcome the major challenges.

In Bristol on April 3-4, the Accession Country Issues Panel focused on the key current problems and future challenges for creating our desired public transport system. Solutions were naturally discussed, but exploring them in detail was not be the key focus of discussion. Solutions and policy recommendations will be the focus of the final meeting in October 2003

The picture below highlights some of the internal and external aspects being examined in the VOYAGER project.



2. State of the art in accession countries

The following text is a modified summary of the Central and Eastern Europe State of the Art Report and some of the points which came out of the discussion in Bristol, but mainly focuses on key problems, barriers and some outline solutions. Further exploration and prioritization of solutions, consideration of future external development and recommendations will be made in the final phase of the project in late 2003 and early 2004.

Clearly there are many differences between accession countries and not a few success stories, but many problems, it has been confirmed through VOYAGER surveys in many individual countries, are basically common in several or all of the countries, especially as regards issues of financing, institutions and human resources. Such common issues are covered in the report, but of course each country will define its own specific problems and set its own path.

2.1 Summary of state of the art and key problems

A high modal split in favour of public transport relative to car traffic (often as high as 80% for urban public transport relative to cars) was reduced significantly in most Accession countries in the early 1990s, when the changes to market economies fuelled a large increase in car ownership and use through some correction of price distortions, changes in economic activity and a new spread of income distribution. This fall of public transport use has slowed to a steady decline in the last few years in line with steady economic growth, decline in overall public transport quality and the persistent low social image of public transport.

Service frequency and area coverage are often very impressive in Accession countries, reflecting the greater demand for public transport and the reality that public transport is a more essential public service.

In Accession countries, there is still much stronger dependence on public transport for economic reasons than in the EU. With lower average income levels, public transport is for more people than in the EU the only affordable transport alternative. Regional public transport is especially important for the many people living in villages and smaller towns, who now commute to regional centers for employment and for financial reasons are not flexible in place of abode. Prices of regional transport, have, however, often gone up significantly in the face of a shortage of state resources threatening loss of services and social exclusion for rural commuters

The state of the art report and the meeting in Bristol has shown that most Accession countries, with notable exceptions in some areas, countries and cities, are making some but generally relatively slow progress towards implementing new and renewed infrastructure, modern measures, technologies and policy ideas in their public transport systems which will form part of the VOYAGER vision for high quality, sustainable public transport systems of the future.

Specific problems include :

Quality and marketing related

- public transport infrastructure is in a less than ideal state after many years of under-funding of renewal, maintenance and upgrade investment and lack of investment to meet changes in mobility trends, new environmental standards and deterioration of surface travel conditions.
- renewal, maintenance and investment levels have generally improved only slowly since the transformation period and in many countries greatly worsened in the immediate post transformation years.

- the problem of poor infrastructure accessibility for groups with restricted mobility is particularly acute.
- poor qualitative service quality indicators such as vehicle cleanliness, stop and terminal quality, information provision, customer care
- very poor public image of public transport
- lack of integration of services (and structures to support this) both within public transport and inter-modal beyond public transport
- lack of innovation in technology and marketing
- inconsistent staff approach to passengers
- lack of systematic data collection and analysis, especially passenger opinion and demand
- failure to understand, analyze and respond to the marginal market (i.e. those with choice between PT and car)
- failure so far to embrace the quality concept with the customer at center, instead strong engineering approach based on hard regulations
- inefficiency in service delivery and some inflexibility to new demand patterns

Contractual, institutional, organizational, political and human resources issues

- lack of political will for change, especially in tariff, financing and competition policy
- tendency to over-blame external factors and failure to admit a number of key problems
- lack of strong bodies to push for change
- demotivating or unmotivating ownership/regulatory/financial/contractual models as regards improving service utilisation, efficiency, quality and self financing of investment and renewal of infrastructure
- uncontrolled competition in some places
- no competition and or privatisation in more places
- lack of structures for integration
- lack of training for human resources in new approaches and technologies and difficulties in recruiting staff trained in these areas
- lack of suitable training market or resources

Financing and socio-economic

- low public resources and high competition for funds (especially in new areas of spending and investment)
- lack of innovation and failure to seek alternative sources of funding to public budget
- institutional barriers to seeking external sources of alternative funds
- unstable (especially local) public budgets and lack of legal security for public transport operators
- heavy burden of discounts, concessions and subsidy generally
- unacceptably low tariffs in many places
- unacceptably high tariffs in some places (especially regional services) and loss of some regional services

General Requirements

Key to progress is the creation of the missing political and administrative will and know-how for change in the number of areas described above. There is a strong conservative tendency across the industry and still little national commitment to local public transport. Developing political and professional understanding and then acceptance of the real problems and locally effective solutions are an essential on-going task for nearly all stakeholder groups, which needs to be driven through the support of well-informed strong forces for change (the potential role of the EU and strong, well supported and financed progressive national chambers of operators and other stakeholders with a long-term vision for public transport cannot be underestimated here).

A long-term and very clear strategy and plan including national co-ordination is required to set-up truly supportive frameworks (legal, regulatory, institutional, know-how networks ...) as there are many steps which have interacting dependence and should be addressed in parallel.

Tactical flexibility is possibly required in the short to medium term in many areas as regards sources of know-how (e.g. greater use of private sector and more acceptance of this mode of delivery), the nature of competition employed (e.g. intermediate competition models, excluding the private sector at the beginning) or finding and selling solutions which are not optimal but politically acceptable in the local context. This may well mean innovating local interim solutions and putting aside accepted methodological dogma both imported from the EU or incumbent in the individual countries.

2.2 Key Issues, Problems and Some Outline Solutions

A number of key issues were defined in the State of the Art report in line with the general methodology of the project:

- Priority Issue A : a new thinking about marketing and collection of marketing data
- Priority Issue B : financing investment into public transport
- Priority issue C : making transport systems accessible for all user groups
- Priority issue D : roles of administrations in public transport, contracts, competition and privatisation
- Priority issue E : co-operation of actors and application of intermodal/integrated solutions
- Priority issue F : framework for implementation and application of ITS in public transport
- Priority issue G : management training programmes and changing front-line employee attitudes

A more detailed summary of framework problems and some outline solutions identified for each issue including further insight from the meeting in Bristol follows in the tables below

Priority Issue A - A new thinking about marketing and collection of marketing data	
PROBLEMS	SOME SOLUTIONS
<ul style="list-style-type: none"> ❑ very low image of public transport in accession countries ❑ failure to segment market, understand, support and respond specifically to the needs of marginal customers (those with choice which are being and are about to be lost) as opposed to the still large numbers of captured customers 	<ul style="list-style-type: none"> ❑ educational support for image improvement in schools (role for mobility centres) ❑ employment of marketing professionals, marketing training, marketing mandate and philosophy in public transport companies right up to board level

<p>numbers of captured customers</p> <ul style="list-style-type: none"> ❑ contract mechanisms still too rarely encourage customer retention ❑ lack of marketing and data collection/processing culture, skills and awareness at management level ❑ many public transport companies still have a relatively large number of seemingly captured passengers, whose value as customers has not been so important in the past. ❑ the traditional engineering world view in many Central and Eastern Europe public transport companies, and in administrations, discourages excessive investment or attention to marketing ❑ there is too little external policy pressure or contractual/competitive market motivation to rectify the above situation 	<ul style="list-style-type: none"> ❑ constant external pressure in the form of EU policy / national policy and professional public transport associations ❑ genuine competition in public transport, which is not too purely cost driven would kick-start the marketing approach in public transport companies ❑ legislation on quality requirements in contracts and ridership retention incentives in contracts would force a more customer centred approach to service provision. ❑ actual collection and reporting of basic data on customer preferences may help to change some attitudes on the value of marketing, but this is something of a chicken and egg situation. ❑ application of quality programmes to drive customer centred approach
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Priority Issue B – Financing investment into public transport

<p>PROBLEMS</p> <ul style="list-style-type: none"> ❑ income from tariffs is far too low relative to the total will/ability to subsidise and invest in services. Subsidy takes priority and even then does not always cover all costs. Leads to internal debt and low investment ❑ for smaller cities especially, options for borrowing or attracting investment are somewhat limited, even from international financing organisations, because institutional financing structures are not stable enough (insecurity of subsidy, insecurity of local income and lack of local sources, one year budgets etc.) ❑ the strengths and possible benefits of PPPs are still poorly understood in Central and Eastern Europe countries. ❑ over-regulation of operators allows no profit or room for stable, planned internal investment ❑ there is still little value for money culture in investment, which would lead to more rational use of limited resources. ❑ there has been little attempt to tie operations cost savings into generation of investment funds and profit for public 	<p>SOME SOLUTIONS</p> <p>EXTERNAL SOURCES</p> <ul style="list-style-type: none"> ❑ reforms to local authority financing which would make it feasible for cities to borrow or attract investment directly (own powers to raise finances, stable guarantees of national income etc.). ❑ any number of mechanisms to raise dedicated funds directly from the road transport sector (parking, road charging, special taxation of companies on sites with public transport added value or service etc). Such sources would also raise the credit rating of cities and attractiveness for private investors. ❑ more extensive use of international financing organisations funds perhaps by relaxing conditions of fund provision ❑ new opportunity after EU entry of structural funds for some aspects of regional transport. Needs support in regional plans ❑ municipal bonds also seem to be a possible option use of private public partnership arrangements in the few cases where they are appropriate and attraction of private funds generally including normal banks
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transport companies

- ❑ a move to multi-year budgeting plans in national, regional and local authorities
- GENERATING FUNDS FROM WITHIN
- ❑ strategic use of suburban land-use planning to boost public transport utilisation
 - ❑ optimise discount / free fare costs (rational review), move discounts and concessions to social budget and means test them to reduce burden fairly
 - ❑ faster introduction of effective competitive mechanisms to generate cost reductions and improvement of utilisation
 - ❑ link cost savings and generated extra revenue through competitive contracts to investment funds (through independent organising transport authorities perhaps, who can build up independent investment funds)
 - ❑ subsidy models which allow operators to renew their own rolling stock sustainably, invest in technology
 - ❑ sustainably increasing cost-effectiveness : to reduce public transport operations costs (application of sustainable maintenance, new technologies, quality programmes, schedule optimisation). Requires investment and enabling regulatory models
 - ❑ value for money approaches can be boosted by training in authorities and public transport companies, introduction of formal project evaluation guidelines, sustainable cost reduction measures and contractual structures which encourage savings by operators
 - ❑ Training in alternative financing strategies from EU and international banks
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Priority issue D - Roles of administrations in public transport, contracts, competition and privatisation

PROBLEMS

- ❑ lack of strong national co-ordination / policy for regional and especially urban public transport. Especially damaging for integration and introduction of competition
- ❑ over regulation of regional services (state owned regional services or severely profit capped private operators running unsustainable services)
- ❑ or under regulation of regional services (total deregulation, no integration, higher tariffs and reduced services risking social exclusion)
- ❑ relatively slow progress in some countries on legislation and structural changes which would drive competitive solutions
- ❑ reluctance by cities to break-up existing city owned monopolies. There is a fear of the chaotic impact on service integration and quality
- ❑ failure in some countries by cities and regional offices to award long-term contracts with operators. Year contracts seem to encourage maintenance of the incumbent
- ❑ a reluctance to allow public transport companies to make a commercially acceptable profit on loss-making lines thus discouraging the market entry of a wider range of players, detracting from transparency and reducing sustainability
- ❑ scepticism over the real impact and worries about the fairness of the tendering process, when it is introduced.
- ❑ relatively uncontrolled privatisation in a few countries
- ❑ little promotion of performance and financial improvement through contracts

SOME SOLUTIONS

- ❑ strong EU recommendations (or suitable very general directives) on outline institutional, organisational and regulatory structures
- ❑ use of EU directive on competition as a lever for increased legislative progress and wider discussion of the benefits of genuine competition
- ❑ at national level create long-term co-ordinating support programmes (including policy on legislation and investment grants for local and regional infrastructure projects), which aim to create more attractive public transport systems
- ❑ develop contractual forms and regulatory legislation which stimulate quality, increased ridership, retain integration and bring cost reductions even on subsidised public service lines, while avoiding social exclusion
- ❑ intermediate competition models (between separate entities all owned by a single public authority) bring benefits but reduce the risk of damaging effects of competition in an immature regulatory environment and keeps control and integration in the hands of the public authority
- ❑ use leverage of international financing organisations loans to push local reform through
- ❑ encourage take up of quality contracts
- ❑ EU funded training / consultation programmes for key players in the process on possible forms of public sector obligations and subsidy guarantees, transformation, national co-ordination, transport management organisation, contractual and competition models

Priority issue E – Co-operation of actors and application of intermodal/integrated solutions

PROBLEMS

- ❑ the concept of door-to-door inter-modal networks or even integrated transport is still not well appreciated
- ❑ lack of bodies to organise integrated public transport
- ❑ in Central and Eastern Europe countries where privatisation and genuine competition is widespread, integration has often foundered.
- ❑ there is still a quite a low level of co-operation between the different public transport operators and local authorities which should provide a regional integrated public transport network and a common tariff and ticketing system.
- ❑ the issue of trust between co-operating public transport operators is very important for integrated systems involving a number of operators.
- ❑ another major problem is co-operation with state railway companies, which often operate regional and urban lines. The culture and loss compensation rules for railways are different and coming to agreement can be very difficult, especially for timetable co-ordination and revenue sharing.
- ❑ there is still a lack of political awareness on inter-modality issues in general and innovative intermodal mobility services in particular.
- ❑ there is a need to find workable ways to generate financial resources for funding means of supporting inter-modal transport in Central and Eastern Europe conditions.

SOME SOLUTIONS

- ❑ strong EU recommendations (or suitable very general directives) on integration and intermodality issues, especially suitable institutional structures and the role of central government
- ❑ support for regional/urban integrated transport organising authorities which play a trusted middle man role between operators and local authorities
- ❑ awareness promotion and training in integration and wider inter-modality for transport planners in authorities who can then drive the co-ordinated development of systems.
- ❑ encouragement of smart-card systems where appropriate to help the revenue sharing process
- ❑ regulations protecting integration in the competitive environment
- ❑ international financing organisations and private funding for interchange upgrades and other technology projects (e.g. Bucharest)
- ❑ reform of structure of state railways as required by EU law and/or privatisation of operations of suburban railways to which then come easily under the umbrella of regional organising transport authorities

Priority issue F – Framework for implementation and application of ITS (intelligent transport systems) in public transport

PROBLEMS

a general capital financing source problem is deepened by the following factors

- ❑ missing national, authority and public transport company policy commitment
- ❑ missing enabling infrastructure for information applications
- ❑ restrictive financing models in public transport which starve public transport companies of investment funds for productivity improvement schemes.
- ❑ fragile business models : low willingness to pay for traffic and travel information services services by users in Central and Eastern Europe countries thus inhibiting private sector involvement

the ability to develop effective ITS solutions is affected by

- ❑ a lack of planning in authorities including ITS applications
- ❑ missing standards and accepted architectures
- ❑ a general lack of knowledge of ITS issues in the public sector and public transport companies
- ❑ little culture of inter-organisational co-operation at the planning and operations level : between operators and authorities and even the police in the case of priority systems
- ❑ missing legislation on data collection and public-private sector data sharing for Traffic and Travel Information services

SOME SOLUTIONS

- ❑ enable public transport companies to develop management systems, which are key to efficiency improvements and the emergence of real-time information systems by direct financing or financing models which encourage internal investment
- ❑ targeted training programmes and publicity of ITS projects and benefits
- ❑ national policy support and funding of high profile demonstrations and research
- ❑ development of a national implementation framework including clear regulations and suitable guidelines for the effective co-operation of the private (especially operators and information providers) and public sector
- ❑ development of framework for inter-institutional co-operation including clarification of obligations and roles (especially for public transport preference with road operators and when operators are municipality owned)

Priority issue G - Management training programmes and changing front-line employee attitudes

PROBLEMS

- ❑ little priority or personal plans for training in organisations, especially in new areas and non-technical knowledge. Means people have little time or support from management
- ❑ the training plans in organizations are often short-term and organizations often use ad-hoc decision-making. Demand

SOLUTIONS

- ❑ use of EU entry to make institutional employee exchanges and finance training of trainers and academics in new methods
 - ❑ set-up transport academies like 'UITP summer schools' or distance learning programmes through public transport associations
 - ❑ on the side of new technologies measures
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<p>and supply of training courses does not have a stable position on the market and the segment is not fulfilled.</p> <ul style="list-style-type: none"> ❑ lack of time for most capable and ambitious people, who are often overloaded ❑ in universities there is a shortage of lecturers and thus courses to keep up with latest developments or with experience in modern management issues. 	<p>and methods in transport service provision including soft topics, much is being hoped of from the EU funded PORTAL and TRUMP projects which will provide new courses in modern areas which are not covered by current curricula.</p> <ul style="list-style-type: none"> ❑ distance-learning is a method which would suit many managers and is still to take off in many Central and Eastern Europe countries. ❑ application of company quality programmes as driver (one or two pilots exist)
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3. General references and reading

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