

# European best practices for public transport funding including efficiency gains

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# About EMTA

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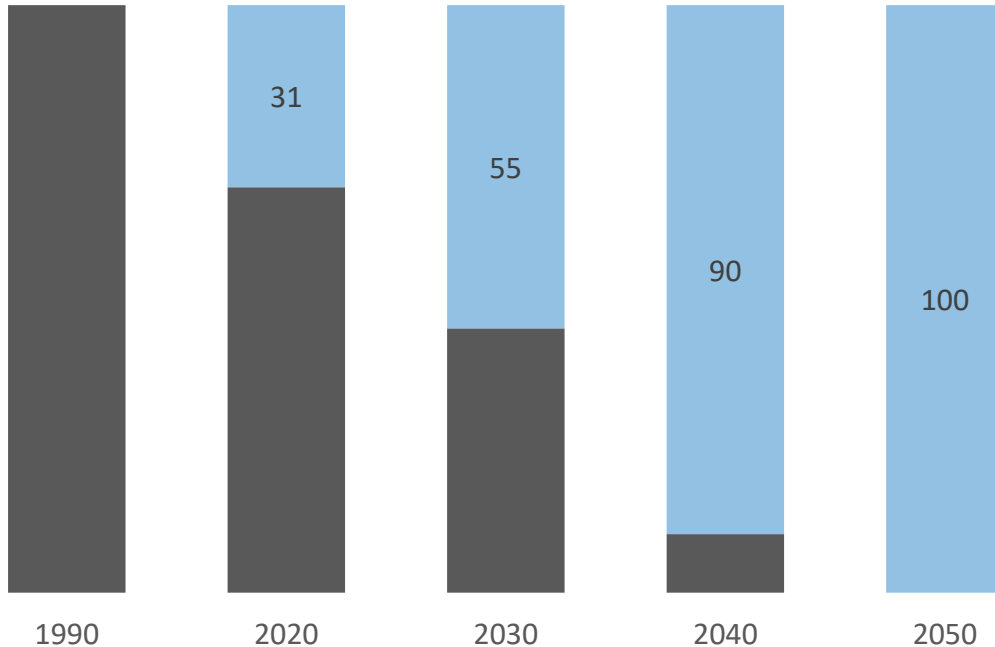
**35** **public transport authorities (PTAs)**  
public bodies responsible for  
organising mobility over metropolitan  
areas

**105** **million people** live in  
metropolitan areas  
represented through  
EMTA



# Setting ambitious **targets** for mode shift

Europe has adopted ambitious targets of a **55% reduction** in CO2 emissions **by 2030**, and a net-zero goal by 2050. The Commission is now proposing a 90% target by 2040.



*“Meeting such targets requires modal shift towards public transport and active travel.”*

ITF (2024), *The Future of Public Transport Funding*, ITF Research Reports, OECD Publishing, Paris.

# Four sources of public transport funding

## Public transport users

- Fare increases
- Discounted access passes (to increase user numbers)

*Users, through fares*

## Indirect beneficiaries of public transport services and infrastructure

- Property taxes
- Land-value capture
- Development or transport-impact fees
- Station rents
- Sale of air rights
- Employee levies (i.e. payroll tax surcharges)
- Regional sales taxes

*Indirect beneficiaries, including owners of land that increases in value when its accessibility improves*

## Taxpayers

- Vehicle levies (registration surcharges)
- Fuel taxes
- Vehicle distance charging
- Selective road tolling
- Congestion charges
- Parking pricing
- Parking levies
- Parking taxes
- Utility levies (paid by electricity users)
- Income taxes

*Governments, through general budget and earmarked taxes*

## Efficiency gains

- Co-ordination between institutions
- Competitive tendering
- Making the right modal choices
- Benchmarking (cross-sectional and longitudinal)

*increased efficiency can be regarded as equivalent to a fourth source of funding*

# User funding is in long-term decline

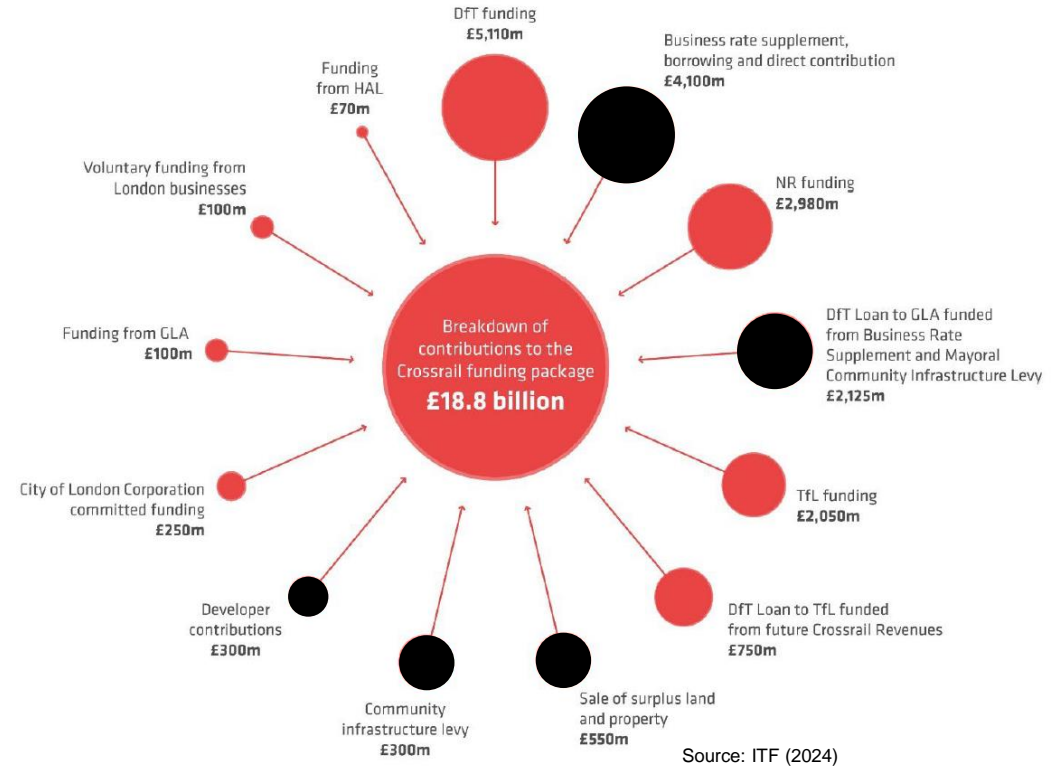
- Fares cover 20-50% of operating costs in most European regions.
- Economists say: charge only for the marginal cost.
- Erosion of fare income: missed opportunity
- German D-Ticket: little mode shift
- Lyon: frequent increases slightly above inflation, coverage increased from 30% in 2000 to 60% at present
- Paris: inflation + 1%



# Land value capture for London's Crossrail

- LVC funded 30% of the investment cost for Crossrail in London through 5 different mechanisms
- Government captured only around 10% of Crossrail's estimated land value uplift, with 90% retained by landowners as windfall gains.

Figure 18. Crossrail funding and financing sources, 2021



# Congestion charges

- in 7 European cities and Singapore.
- facilitate mode shift by putting a fair price on car-use.
- also by re-investing much revenue into public transport.
- The uptake of EVs & AVs make the case for congestion charges even stronger

Table 9. Congestion charges: Stated objectives and use of revenues

Urban area (year of introduction)	Stated objective	Use of revenues	Size of charge (2023)
Singapore (1975, 1998)	Congestion		Variable (target speed basis)
Bergen (1986)	Financial, environmental	Initially only for financing road projects, then 45% for road construction and 55% for improving environmental quality and road safety	NOK 6-64 (EUR 0.56-5.83) Varies with vehicle type, peak versus off-peak
Oslo (1990)	Financial	Investments in road capacity and public transportation projects	NOK 5-24 (inner ring) NOK 6-31 (outer ring)
Trondheim (1991)	Financial and congestion	Road infrastructure (road capacity, with some earmarking to public transportation and to cycling and walking)	NOK 13-37 (EUR 1.18-3.37) Monthly ceiling of NOK 110 (EUR 10)
London (2003)	Congestion	Public transport (80%), road safety (11%), cycling and walking (9%)	GBP 15 (EUR 17) ULEZ charge for non-compliant vehicles: GBP 12.5 (EUR 14.2) EUR 4 for petrol cars and EUR 6 for diesel cars
Stockholm (2006, 2007)	Congestion	Road infrastructure and public transport	SEK 11-45 (EUR 1-4.1) Daily maximum: SEK 135 (peak), SEK 105 (off-peak) (EUR 12.3/9.5)
Milan (2008, 2010)	Environmental, then congestion	Public transport, cycling and walking	EUR 0-5
Gothenburg (2013)	Congestion, environmental, financial	Road infrastructure and public transport	SEK 9-22 (EUR 0.81-2) Daily maximum: SEK 60 (EUR 5.43)

# Efficiency gains (1/2)

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- **Coordination** between governments
  - > creation of Public Transport Authorities (PTAs)
- **Competitive tendering**
  - EMTA members performing competitive tendering include Athens, Barcelona, Belgrade, Berlin, Budapest, Krakow, Lisbon, Lyon, Madrid, Mallorca, Manchester, Oslo, Paris, Porto, Rotterdam, Stockholm, Thessaloniki, Turin, Valencia, Vilnius, etc.
  - It brings down operating costs.
  - How to foster a sustainable and competitive market? By removing barriers to entry, centralising customer relations (ticketing, information, marketing, MaaS), etc.

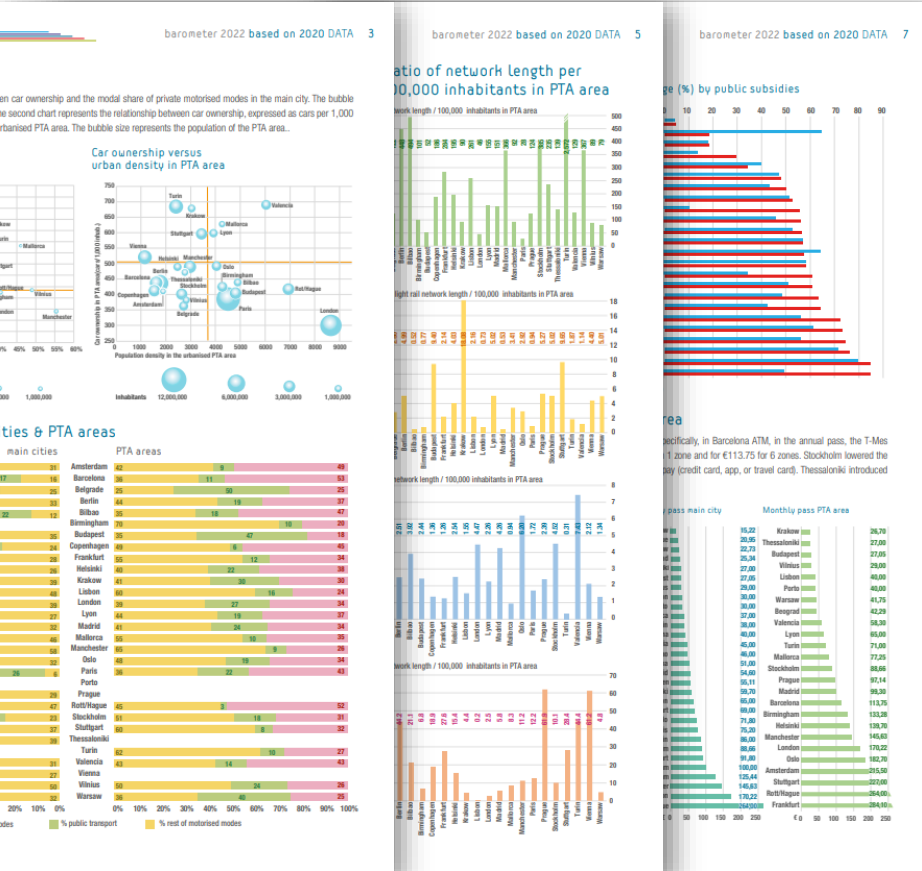


# Efficiency gains (2/2)

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- Which new transport modes to develop? Tram or metro? BRT or tram?
  - **Berlin** region “PlusBus” concept offers direct and fast routes to regional centres (rather than a meandering omnibus) and coordinates with rail station timetables.
- **Monitoring** progress over time with key performance indicators is required to secure efficiency gains. So is the **benchmarking** of public transport systems across regions.
  - EMTA members have contributed to a **barometer** of public transport statistics for more than 20 years for that reason. The 2023 figures will be available from June 2024 on [emta.com](https://www.emta.com).

# EMTA Barometer > New online dashboard launch June 2024



# Thank you

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