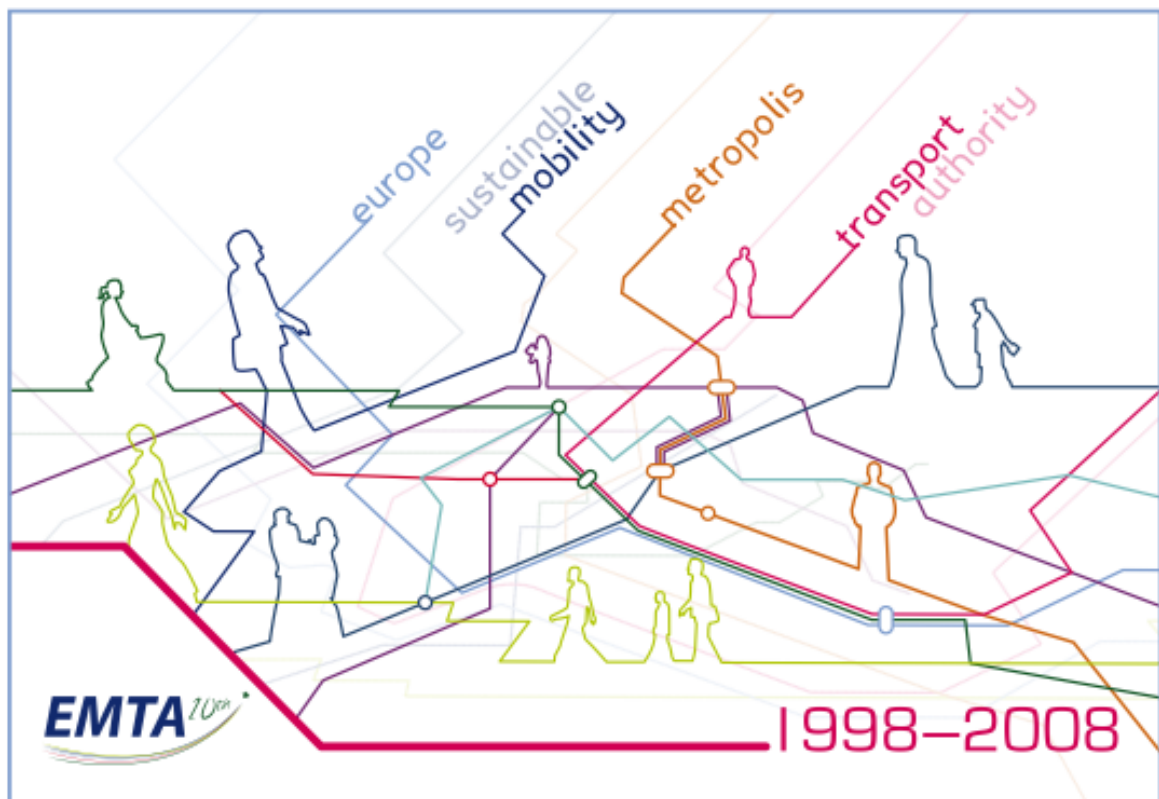


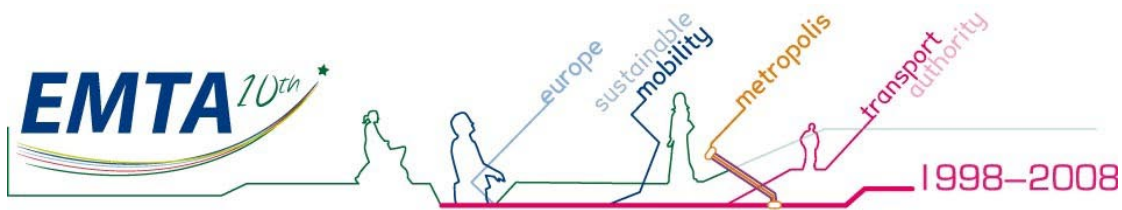
November 27th 2008
Symposium records



○ **Mobilité urbaine** dans les métropoles européennes
enjeux de développement durable et défis financiers

○ **Urban mobility** in european metropolises
sustainable mobility and the financial challenge





Introduction

Serge MÉRY

Vice President of the Ile-de-France Region, Administrator of the STIF

Ladies and Gentlemen, I here speak in behalf of President Jean-Paul Huchon. He would have appreciated to say these words personally, if he hadn't been taken by other engagements linked to business of the Region.

Ladies and Gentlemen, I am very happy to greet you welcome to the very heart of the Ile-de-France Regional Council. The hemicycle is not an ordinary place. It is the beating heart of the regional demography. It is the place where the decisions crucial to the future of the Francilians are taken. It is a perfectly ideal place to receive you. Because mobility is the specific issue that really matters to people living here in the Ile-de-France region in everyday life, indeed. Quite simply because mobility is an obligation in Ile-de-France. It is not the appanage of one group of professionals more than another. Just consider that there are more than 35 million travels a day in Ile-de-France. 60 % of the travels in France are concentrated on our territory. 60 % of the country rolling stock runs on our ground.

Mobility is an obligation for the Ile de France people. It also is one for all the residents of the big European cities, which are EMTA members.

In any case, mobility is a right that we all wish to ensure, be it for the STIF, that I am happy to administrate, or for all the transportation authorities that you represent.

Since EMTA was created 10 years ago, the world has changed tremendously. The relationship between the residents of big European cities and the transportation has also evolved - let us confess it right now - in a direction that is very favourable to us. And not only because of a petrol crisis passing by. This change is much deeper. Quite simply, the central place of cars in our cities is now being challenged. Our fellow citizens express new demands. They want their mobility to continue increasing, and yet to be more respectful of sustainable development. The rise of what we may call an ecomobility is essential. This more than ever proves that we were right, as we created the EMTA 10 years ago, when stating that the future for travel was mass transit.

In Ile-de-France, more than in any other French region, it is essential to be able to move with the best conditions to get to the location of work, to study or quite simply to



move around during free time. The decisions we take have a direct impact on the Ile de France people everyday life.

Since I started administering the STIF, I have been dealing with the transportation portfolio and have made it our priority issue. We have been accelerating our efforts on it ever since. We have been working on an increased transportation offer and better service quality, as well as on modernising infrastructures and equipment. To put it clearly, more trains, more buses, more tramways, higher frequencies and more new services.

The STIF now being under territorial community control, we have invested more than during the past 20 years. However, this considerable progress is not enough. As opposed to the other regions, it is true that the Ile-de-France region inherited a public transportation network that has not grown better with age. The equipment is often very old. See, for instance, "the little grey", these suburban trains that irrigate the region deep down, reaching the towns that are the furthest away from Paris. "The little grey" will neighbour TGV and other Thalys, on the same platform in the stations.

For all these reasons, I recently launched a large plan for public transportation in Ile-de-France together with the city of Paris and the presidents of the [surroundings] Departements, the presidents of the RATP and the SNCF and the executives of OPTILE, representing the private bus companies generally operating in the remote suburbs. The plan was assigned 18 billion euros. There had previously been no such mobilizing plan in France. Since Paul Delouvrier launched the RER, nothing as ambitious had been launched before. This plan is ambitious because the situation demands it, because the traffic keeps increasing, because our current transportation systems do not fit the commuters' needs.

We shall first use the 18 billion euros to deal with the urgent issues: modernizing the RER, renewing equipment, unsaturating certain subway lines, making the network more accessible, in particular to persons with disabilities.

In the middle term, we shall accelerate the fulfilment of structuring projects such as the "Arc Express", the "North tangential", the "West tangential" and also the Massy Evry tram-train, the T1 tramway lateral down to Val de Fontenay and many more.

In the long term, we simply shall prepare for the Ile-de-France of the future.

Today, oil is expensive. Tomorrow, will we have any oil at all?



That is the question raised by the Ile-de-France development plan, the Ile-de-France urban-planning document, the SDRIF. The issue is quite simply to prepare for tomorrow's transportation conditions. Transportation that essentially leads from suburb to suburb and that does not necessarily pass through the centre of Paris anymore. Efficient, reliable, regular and accessible public transport services that improve the safety of passengers and residents.

The "Arc Express" project is a very good illustration of the revolutionary change that we are driving through. It is compulsory today to think of all items simultaneously: public transportation, urban development, business settlement, improvement of the liaisons with Roissy Charles De Gaulle airport and with universities such as Villetaneuse and Bobigny. The "North tangential" will thus contribute to revitalizing the territories passed through in Seine-Saint-Denis, Val-d'Oise and Yvelines, and will improve the serving of 15 deprived urban areas located less than 750 metres from the line. The "North tangential" will become a decisive factor for the promotion of ecomobility by encouraging the use of public transportation, rather than the private car.

Let me conclude. When questioned, city residents answer that the transportation issue is crucial to them. We must therefore provide them with very concrete solutions. The solutions must be pragmatic. All EMTA members perfectly know that. That is why we all work, every day, to enhance public transport by strengthening service quality, offering real alternatives to our residents, who otherwise will turn to the car if the public transport services for example are not on time, we work to reconcile public transport with the city. In short, we all work at inventing not only the transportation of the future but also, much wider, at inventing the cities of the future.

I thank you.

Moderator

Thank you very much. I now give the floor to Hannu Penttilä, President of EMTA, former CEO of YTV in Helsinki, and currently Deputy Mayor of Helsinki.



Preamble

Hannu PENTTILA

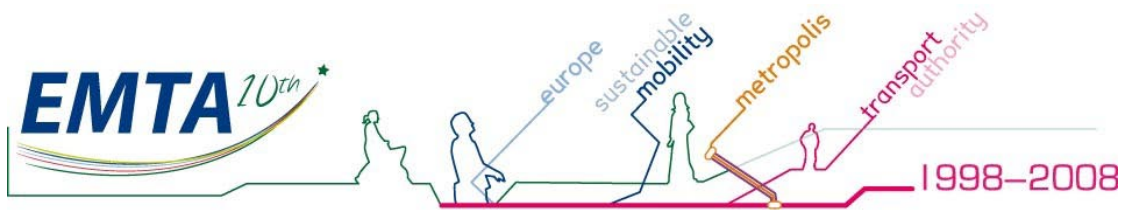
President of EMTA

Good afternoon, everybody. Vice President Serge Méry, Member of Parliament Gilles Savary, Mrs Eleni Kopanezou, Head of Clean and Urban Transport at the European Commission, and Sophie Mougard are members of EMTA. As the president of EMTA, I am very pleased to be here today for this special event, and I would like to thank the Region Ile-de-France for hosting this conference. I would like to extend my thanks to Vice President Serge Méry and also to Sophie Mougard, Director General of STIF. Without the help of STIF, this event would never have been possible. Mrs Sabine Avril will soon join us. Without her help, this event and many others would not have been possible.

Cities play an increasingly important role in our effort to find solutions to the key problems facing mankind. Urbanisation is advancing, both in Europe and elsewhere in the world. Today, most people live in cities, and current lifestyles favour urban living. For example, an ageing population tends to relocate to cities close to high-standard services. As most of the gases contributing to climate change are generated in cities, this is where problems need to be solved. Paradoxically, cities are not the problem, but are an essential part of the solution.

The response of the transport authorities to the challenges facing urban regions is sound administration and sustainable solutions. At the heart of these challenges lies city traffic, and this is why public transport is a solution with great potential. This means that the efforts made by public transport authorities in European cities are of the utmost importance. EMTA, European Metropolitan Transport Authorities Association, is an organisation founded for this type of work. EMTA started 10 years ago in 1998 at the initiative of Charles Debi. Then it formed STIF, a small group of around six dedicated transport authority executives from the cities of Madrid, Manchester, Berlin, Brussels, Barcelona and, of course, Paris, to form a platform of experience for technicians who shared the same responsibilities and faced the same challenges in organising public transport system for their local and metropolitan areas.

Once again, thank you for that initiative. EMTA grew from six to 32 members across 17 European countries. Altogether, those authorities cater for 100 million, and even more, daily trips in European cities. EMTA has even enlarged the network to our



colleagues in North America, with Montreal joining us last year. We are happy to say that we regularly receive expressions of interest from major cities in Europe, such as Bucharest and Hanover, and we also welcome them as members.

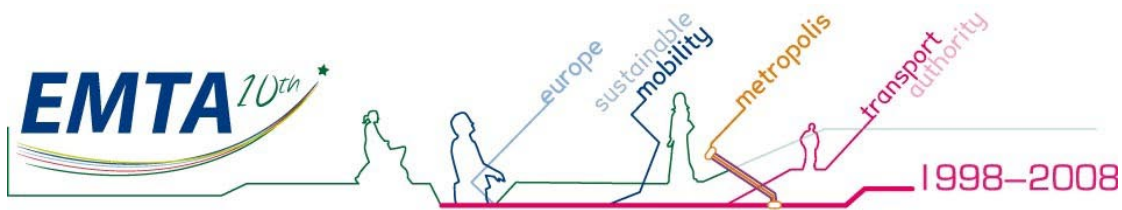
Public transport authorities are responsible for planning, integrating and financing public transport services. The role of public transport is crucial in reducing pollution, while supporting economic growth at the same time. To achieve sustainable mobility, public transport services must be improved, and in turn, such improvement calls for strong public transport authorities. This improvement of public transport means first, an increase in provision and quality services to meet new mobility needs. Second, it means strongly integrated networks to favour less trips and the inclusion of soft modes. Third, it provides an attractive, fair policy to achieve social inclusion, while also encouraging a swift model. Fourth, it delivers better coordination with land planning policies and urban development.

In turn, such improvements call for strong public transport authorities. Their role is to design objectives and policies for urban mobility, design fares policies, coordinate with other related policies in the mobility field, such as traffic planning, parking policies, land use planning, accessibility and so on. Finally, they implement transparent and balanced relationships with operators.

In fact, to achieve sustainable mobility, transport authorities face two main challenges. One is the right level of subsidiarity. While public transport organisations make local decisions, support at regional, national and supranational level is instrumental in achieving agreed objectives. Although public transport organisations are in charge, they need the active cooperation of all actors in the mobility world, including special planners.

The second challenge is the need for new sources of funds. The necessary increase in provision and quality of services raises the level of operational costs. Although financial support is increasing, the resources needed for public subsidies are on the upper trend. Besides, the development of transport networks calls for investment in new infrastructure and rolling stock, as we heard here. New financial mechanisms are to be devised with national and supranational authorities. Both challenges will be addressed in the round tables held during this conference.

Today, we welcome the President of the European Parliament and also the European Commission, as a signal of the importance that urban transport has taken in the agenda of European institutions, especially now when we are facing climate change policies, while at the same time, the global economic situation is quite severe. Today,



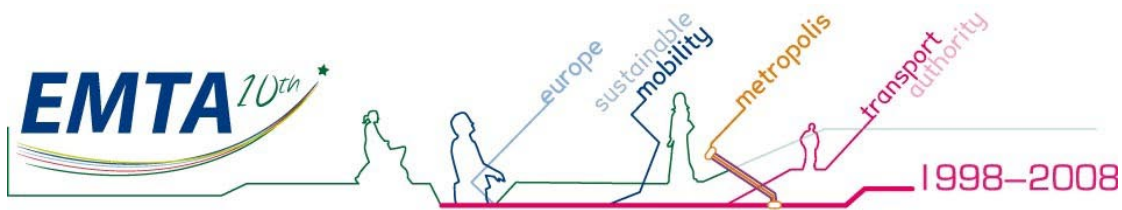
we are celebrating EMTA's 10th anniversary. 10 years on from this day, I hope the spirit of EMTA remains the same. Its emphasis is on exchanging information and building common knowledge. It will benchmark performances, experiment and share results, and disseminate findings for the common good to our members and for European public transport users. Above all, I hope for a continued friendly atmosphere in our meetings and among our members and colleagues, as we have had over the last 10 years.

Our concerns are still the same, even 10 years after EMTA was founded. When I look back at EMTA's first meeting in 1998, the first topics selected as priorities for specific working groups were transport planning and network financing, so nothing has changed. There is evidence that those two subjects are the ones we still need to focus on more than ever if we want to achieve sustainable mobility.

Now I am confident that the debate this afternoon will contribute to our knowledge and lead to stronger cooperation between European institutions and EMTA. If you have any questions, I am sure that we will find the solution this evening during our wonderful dinner. I wish everybody a very fruitful afternoon.

Moderator

Thank you very much. I will now give the floor to Gilles Savary, Member of European Parliament and chairman of TRAN committee.



European Commission presentation of the main features of the future action plan

Gilles SAVARY

Member of Parliament and Chairman of the TRAN committee.

Ladies and Gentlemen, I first wish to tell you that I am happy to be with you today. And, as I belong to the Transport and Tourism commission, I also am rapporteur for the Action Plan on Urban Mobility that the European Commission is to publish by December 10th. That makes me even happier to be here. The European Parliament should deal with the plan efficiently and rapidly for things to be settled, if possible, before the election and renewal in June.

I naturally am very happy that you have been kind enough to invite me. I wish to thank the EMTA president and tell him how important his association is for today and for tomorrow. It is important for the institutions in Brussels, obviously also for the Commission, for your concerns to be heard, and also for the members of Parliament, whose responsibilities in this field will grow and who will have to adjudge.

I wish to thank Jean-Paul Huchon, President of the Ile-de-France region, for hosting us today and Serge Méry, vice-president of the region and president of the STIF. The STIF is one of the largest, one of the most important authorities that organizes urban transport in Europe, quite simply due to the size of Ile-de-France.

How far have we come at a European level? In the first place - I mention it here, but I imagine that you all are well acquainted with this kind of issues - transport is one of the matter requiring co-decision. In other words, this field is of the European Community even if the responsibilities are shared with the member states and the Parliament obviously plays a considerable role. And we the Transportation Commission are one of the commissions, which produces the highest volume of legislation in the European Union overall. It therefore is a field with which you are familiar.

Up to now, we have rather been dealing with heavy transportation, the large-scale transportation, in two steps. The first step is in the 90'ies with the suppression of borders, a liberalization step that is not yet completed. It is more painful in certain sectors than in others, in particular in the railway area. This explains that the more we talk about constraining the road and balancing transport modes, the more the road will triumph. Making the railway transport networks cross operational is very difficult, first



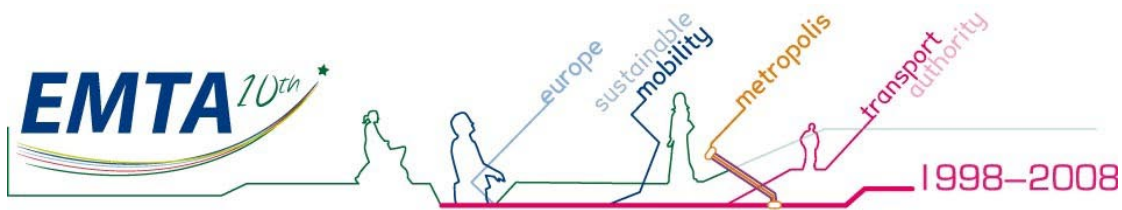
technically, but also culturally speaking. With the help of quite a few artifices and artefacts, the railroads resist the creation a real Europe-railway. Thus, the big substitute for the road on long distance today is using seaways and other waterways. By the way, I must mention that, for several reasons, freight transport statistics show a stagnation and even decline of certain Western countries, but above all a very fast decline of freight in the new countries of central and eastern Europe. The statistics are quite depressing. Indeed, the more we speak about modal balance and even modal transfer, the more the road share will prove to increase, and notably so in goods transport. This has been the first step.

The second step has been marked by Mrs Loyola de Palacio's remarkable personality, in a document that would be worth re-reading today. It is called the White Paper on Sustainable Mobility. At the time, it met high resistance. We were then under less pressure from greenhouse gas, from Russia's resurrection as strategic player in energy matters and from the yoyo effect of fossil energy prices. Yet, it is a perfectly prescient document.

It stated as follows: liberalisation is fine, but we must bend transportation policy towards a sustainable transportation policy. Some sixty texts were to stem from it and already some sketches dealing with urban transport, that however were extremely tenuous and still quite weak.

Up to now, to my knowledge, we have only been dealing with urban transport through market devolution procedures. In fact we have been stuck, for years, on a regulation project that itself reformed a regulation from 1999. The latter obviously is familiar to you and will become the more so, as you are going to live with it for several years. It will only be operational on December 3rd, 2009 and will have a transition period lasting 10 years, until 2019. It is the "Public passenger transport service by rail and by road " regulation¹. It tries to put some order in the contentious matters and in the heterogeneities in contract allocations and devolution practice of urban transport networks, be it bus, tramway or other. So this has kept us busy since the turn of the century. From 2001 until 2007, we worked hard on this question. There was a long interruption as two parliamentarians, one of them being I, questioned the "in house" concept, i.e. direct administration, and forced the commission to check its copy and to reinitiate the work. I believe that we have now produced a regulation that fits, even though it does not claim to be perfect.

¹ (EC) 1370/2007 of 23 October 2007



It stands clear that environmental concern progressively has been increasing. It is quite simply because environmental concern grew rather quickly through 2007 and 2008, that the commission, that I am happy to see here, started thinking of urban transport in other terms than a market challenge.

Environmental concern starts with a statement - you know it: Transport is the first entry in greenhouse gas production, with 23%. And in this very important entry in greenhouse gas production, the road is prominent, and within the road stands urban transport. It obviously concentrates the congestions, which concentrate most of the greenhouse gases and most of the social costs. Indeed, congestion has a considerable social cost even without any greenhouse gas.

So the commission got interested in this topic and produced - you know it - a Green Paper, to which you probably have contributed. It is a communitarian method that I like and that I am transposing to my Department as local elect. The commission starts by calling on everybody interested, proceeds by going through the answers and converges on a text, which will become the Green Paper. Applied to another field, it could have been a set of legal measures or a legal programme.

Here the issue will not be a legal programme, as the commission proceeds very carefully in this issue. It is a thrilling and decisive issue, but very sensitive for the commission and for us, co-legislators.

I say for us, because I consider the [European] Commission and the Parliament to be the " [European] community couple", even if things have grown a little looser lately. To my opinion, the commission might have been wrong in moving too close to the Council, but that is only my point of view. We are the "community couple". So we tend to produce communitarian legislation and try push matters forwards on budget issues, as well as on legal issues.

But we here are in a field that is the subsidiarity of subsidiarity. The member states are already extremely captious and fussy in many a field, as soon as they risk their sovereignty. But when, on top of that, the matter touches what we in France call the prerogatives in administering local communities - and France is not a highly decentralised country... You can well imagine that Germany or Spain and a certain number of other member states might object even stronger to anybody getting interested in local matters, be it on a transport consideration. That is why the Commission proceeds with extreme prudence in this matter, with muffled steps. However, the Green Paper has been extremely interesting. Parliament has issued an initiative report for an answer. And, above all, the Action Plan is expected with eager.



I don't know if we should expect absolutely decisive things, because we stand at the beginning of history. That is why EMTA is pertinent and you still have many things to do. You still have many things to realize in coming years.

But at the European level, it is a little bit like in any administrative or political sphere. When a door is opened ajar, it ends up never closing again. So I believe that this is the beginning of history on the subject. And history has been considerably legitimised by what happened this year. The council and Mr Sarkozy in particular asked for the launching of and dealing with a climate package. The goal is to produce a group of measures to make Europe exemplary, as a continent and an economic space, in fighting greenhouse gas.

So I believe that this allows us to get a bit deeper with the shy initiative of the Commission. And I shall try to pursue with my colleagues in [European] Parliament, even if national facts tend to become heavy again when within the European Parliament. I shall try, within the frame of this report, to affirm the importance of urban transport in the fight against greenhouse effect.

There is a second quite considerable dimension, the spatial planning dimension. We consider that in the year 2020, 80 % of Europeans will live in metropolitan areas. In 7 of the member states, the share is believed to reach 90 %. Thus urban transport covers almost all the transportation for a certain number of member states. It is an absolutely essential mobility stake. It is almost the only big mobility stake, and if not the only one, at least the most important one for a certain number of Europeans.

That is why we are going to try to get deeper into the matter. We must preserve subsidiarity. It therefore is out of question to produce writs of juridical nature that would be constraining for the territorial communities. Let us immediately avoid this obstacle, that immediately would sinister the text in debate.

There are two paths left. There is the guidelines path. To me, that seems to be the path the Commission should follow, but I shouldn't anticipate. It implies a recommendation catalogue with a certain number of benchmarking dispositions, with best practice exchange and evaluation, for instance follow-up and traceability, a recommendation catalogue covering all fields, interoperability, tariffs, infrastructure charging/ congestion charging, security, passenger rights - God knows how many interesting chapter headings there are - transport services integration, soft modes development. Well, imagination is rich enough in these matters. That is what subsidiarity probably will bring us to study and to debate. What I call loose rights not real rights. It is the beginning of the start of an observation and exchange of practices.



I think that it ought to be possible to get CIVITAS reinforcement, financed not by the transport budget, but by the Framework Programme for Research and Technological Development. To me, that is the minimum we ought to be able to get.

But I believe that we must get deeper into the financing question at Parliament. There are several possibilities. Do we produce a Eurovignette of Ken Livingstone type for agglomerations ? without imposing it but managing to reach a regulation that might harmonize and set a framework?

Do we go back to a Community-integrated programme that would be urban transport? The odds for that seem weak, when considering how much everybody clings to their ERDF and their cohesion funds. However, I believe that a communitarian programme would be better, because ERDF and cohesion funds are unevenly distributed. Thus, explaining that the ERDF and the cohesion fund can finance does not solve the financing problem in Ile-de-France, in London and in the large megalopolis where indeed people move the most.

Should we consider cross-funding, in other words practicing Ken Livingstone's, with a possibility to do otherwise next to it?

Well, we have several hypotheses to work from. The conjunction might give us yet another one, with the plan for recovery of European economy. But I am not sure that Europe suddenly would switch from no funding at all for the urban networks -save through CIVITAS, the ERDF and the cohesion fund however without much visibility - to significant financing in this field, mostly due to the fight against economic crisis. To me, that would not be improper, but I am not sure that the commission has asked for or suggested it. But I believe that it would not be improper, because we then would have immediate expenditures liable to be driven through. It does not escape to me - I was talking about it just before, aside - that the car sector means very much to certain countries, France being one of them. But it is a paradox that we deal heavily with the car sector - I personally don't mind, because there are many jobs concerned - and that we don't grab the opportunity to weigh up for the credit deficit of the Transeuropean networks and transport networks. We have a clearly stated priority to fight global warming and yet, we only care for the sector that is the main emission factor for greenhouse gas and toxic products.

I believe that already next week the European Parliament, meeting in Strasburg, will have to adjudge on the straightening plan. I shall try to get through an amendment or two on these issues. I'll say that we might look at these subjects, which could instigate immediately structuring public expenses. In other words, the issue is not building the



Lyon Turin tunnel. It is not building the very controversial Messina bridge either. Yet, there are immediate works sites that can be running.

There, my dear colleagues, you see my state of mind as parliamentary, vice-president and not as president for the transport commission [TRAN Committee]. Paolo Costa, a liberal Italian, presides this commission and does so with much talent. He is mayor of Venice.

So I advice you all, and ask you all, to communicate your wishes. Please let me know, as soon as possible and as fast as possible, either on a national basis, on behalf of the EMTA or under cover of the EMTA, your wishes and what you would like the Parliament to stress within the frame of the Action Plan that the Parliament is going to study. The first debate is due in February. The vote will probably be held in March in the transport commission[TRAN]. The complete rounding off will take place in plenary session in April. We won't be getting any further thereafter, as we all go campaigning on the field, starting in April.

Thus, the debate is going to be very shortened because of the electoral schedule. In spite of that, it must be rich and well constructed. And I rely on you - that is the reason why I am very happy to be among you today, even if I cannot stay. I rely on you to keep in touch in the days to come, already in December or a fortiori more intensely if you wish, beginning of January.

My feeling is that we should not attempt embracing everything, if we want an efficient report. We must go to the point as clearly as possible and try to find the highest pertinence for intervention at European Community level.

That is, Ladies and Gentlemen, what I wanted to say. I thank you infinitely for having listened to me.



First round table Governance and Sustainable Mobility

Eleni Kopanezou, European Commission, DG-TREN, Head of Clean and Urban Transport

Tamas Dombi, Coordinator of European Issues, ZTM Warsaw

Jonathan Bray, Director of PTEG, UK

Professor José Manuel Viegas, Lisbon University Technical Institute

Serge Méry, Vice president of Region Ile de France administrator of STIF

Audrey SAUNION

I will now introduce Mary Crass, who will be moderator of round table one. Please join me up here. Ms Crass is Principal Administrator and Senior Policy Advisor of the Transport Division of OECD, and she is going to talk about governance and sustainable mobility. I will first let you introduce the participants of your round table.

Mary CRASS,
Principal Administrator and senior policy advisor, Transport Division ITF/OECD

Thank you very much. Good afternoon, everyone. I want to say how pleased I am to have been invited to moderate this round table on such a topical subject, that of governance of urban travel. The idea of this round table is to explore the institutional and policy structures shaping the development and implementation of urban travel policies at several different levels of authority, represented here on the panel. Before moving on, I would now like to introduce the very distinguished members of this panel. We are very honoured and very pleased to have them here with us today, and I will just call them up.

Jonathan Bray is the Director of the Public Transport Executive Group of the UK, an organisation that brings together public transport authorities in the UK. Jonathan, welcome. Next to Jonathan will be Tamas Dombi. Tamas is in charge of European Affairs and European Coordination for the Warsaw Transport Authority. Welcome, Tamas, and



thank you very much for being with us. Next to Tamas will be Mr Serge Méry, who we had the pleasure of hearing from earlier.

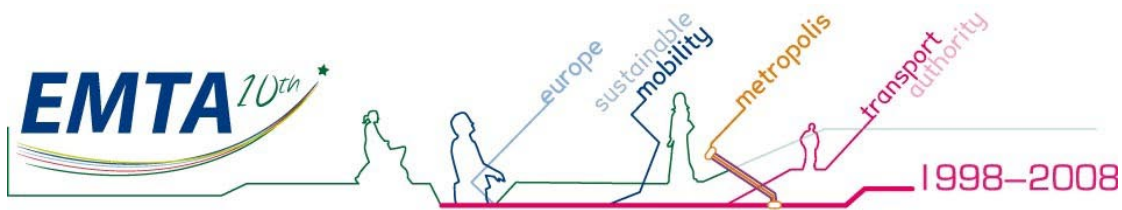
Next to Mr Méry is Eleni Kopanezou, who is Head of the Clean and Urban Transport unit of the European Commission. It is her unit that has been behind the drafting and preparation of both the green paper on urban mobility and its follow-up action plan that Mr Savary has just talked about.

It is wonderful to have these experts with us today. To look at governance from a variety of different points of view, I would like to just set the scene, if you will, with a few words about governance. As was mentioned earlier, a growing proportion of the population of OECD is living in cities and urban areas. Roughly 90% of economic activity within the OECD is in urban areas. 40% of CO₂ from road transport is in cities. As we all know, urban transport systems offer a tremendous variety of services and are indispensable for the sustainable development of a city, but clearly pose problems, such as congestion, accidents, traffic pollution and CO₂.

It is clear from the nature of these problems, which figure at the top of national policy in many countries, that urban travel is not just a local government issue. The burden often falls on local governments and local authorities, but the political importance of these problems does not reside exclusively at the local level, so therein lie a whole range of governance problems that hopefully we will explore in the limited time available to us today.

With transport policy increasingly looking to the urban level for action on problems such as congestion, climate change, air quality and so on, we face questions about the level of authority responsible. Under what circumstances do these authorities exercise their responsibility? These questions are becoming increasingly important, so what is the regulatory and fiscal framework for urban travel decisions in any given country? What is the institutional framework and how does that impact on jurisdiction and competence to find and implement solutions to these problems? What are the jurisdictional limits of competence? This question, in particular, will be picked up to some degree by my colleague, Alain Meyère from IAU-IdF, who will be heading up the round table on financing later on. These two are very closely linked.

How are the public consulted on policy decisions that affect them? What is the role of the public voter in finding solutions to these problems? As I alluded to just a second ago, and which Alain Meyère will explore in more detail later, where does the financing and funding come from to maintain and develop the road network, public transport infrastructure and rolling stock, and in general, the system as a whole?



At the International Transport Forum, which is the organisation I represent in OECD, in our work on urban travel over the last few decades, we have found that there has been a clear trend towards decentralisation of responsibilities for urban transport, and this goes right across European countries. In the '90s, the Netherlands, for example, began a process of gradually transferring more responsibility and financial control from the national level, where it had largely resided up till then, to cities. More recently, in France, devolving responsibility for urban public transport to its regional and local authorities has created a new framework in which urban travel and urban public transport is evolving.

Clearly, decentralisation plans such as these make sense, in that they are designed to situate decision-making for managing car travel and public transport provision at the local level, where its impact is best understood. This was alluded to earlier. This is the whole question of subsidiarity in its finest application. But problems can arise, and hopefully we will hear a little bit about that in a second from our panellists, when decentralisation is excessive or when it is incomplete. This has been the case in a number of countries right across Europe, and elsewhere, I would say, where too rapid a devolution of authority has left the central government, first of all, without the means to create an overall vision for urban travel in cities. Central government is a bit *démuni* as one might say in French, to define this coordinated framework for the development and implementation of urban transport strategy. At the same time, local levels with devolved power often do not have the commensurate resources to put in place what they have been charged with doing.

These are sticky areas in what pretty much everybody agrees is a good thing, and that is decentralisation of authority to the level at which it is most appropriately applied. Today, as I said, we have the honour and pleasure to hear from some eminent experts in this area. Before moving onward, I would like to introduce our respondent for the two panel sessions. I am very pleased to introduce Jose Manuel Viegas, who is an eminent professor of transportation at Lisbon University Technical Institute, and a well-known expert on urban travel and transport issues, particularly as they apply to governments and to financing, although he touches on just about everything. Welcome, Jose, to the panel today.

To structure this round table, I am going to ask each of the panellists to start out with a very brief set of ideas that they would like to introduce about governance, as it applies in their areas. Afterwards, we will have an exchange among the panellists, and then I would like to open it up to the floor. I hope all of you will seize that opportunity because we have got a lot of experience and a wealth of competence in this room to



address this quite complex issue at the base of urban travel development and implementation.

I will turn the floor over to Mr Serge Méry, Vice President, as I said, for transport at the Region Ile-de-France of STIF.

Mr Méry, since the first urban travel plan was launched, the urban travel plan for Ile-de-France, the institutional frame for governing public transportation, has changed considerably in France. Could you please speak up and tell us how the discussion around the urban travel plan changes in context of this new institutional frame in France? First briefly, with more time for details later. Thank you.

Serge MÉRY

I believe that the governance frame has evolved the most in Ile-de-France. Indeed, less than three years ago, two years and a half, we were an organising authority for transport in Ile-de-France still piloted by the State. The local politicians participated, but had neither majority, nor decision power. Thus, this decentralisation is perfectly recent. The Syndicat des transports d'Ile-de-France STIF, presided by Jean-Paul Huchon and directed by Sophie Mougard, is a young institution. It had to consider a situation that was simultaneously good and problematical, because of the large disparities in the answers to transportation: social disparities in the transport offer, and also tariff disparities.

New answers had to be offered rapidly. Some of them are already implemented - the efforts were strong and I may get back to it during the debate - and other still lie ahead of us. We still have much work to do, even if the communities, which today lead the STIF mainly the Ile-de-France Region, but also the city of Paris and 7 other Departements [counties] forming the regional area, have got thoroughly involved in this new challenge.

I would say that the urban mobility plan, in its first version, has brought modifications that are essential and finally barely visible at region level, save for a bus network. We called this network Mobilien. It met with some difficulties when implemented, even though we kept in mind that it ought to be a rapidly achieved tool. We met with many implementation difficulties: difficulties linked to transportation democratisation. In other words, we faced a certain number of users and residents around the transport infrastructures, who wanted to be heard. And it is obvious that we, as elects, were simultaneously surprised and pleasantly honoured to have people with whom we could



discuss, people with whom it wasn't always easy to get along, but people who, finally, estimated the transport system, acted in order to secure, to become owners of the transport mode. This was true on the Mobilien lines. This is also seen today in a lot of debates taking place for the implementation of new infrastructures, such as tramways, metro line extensions or other modes. This truly means an enrichment for the Ile de France community overall.

Today, the revision of the urban mobility plan has been activated. The Ile-de-France elect deal with it, notably the Regional Council. There is work going on discussing with the institutions and the stakeholder.

I believe that this is going to grant us with a new vision, to renew a partnership, to renew a discussion, to broaden democracy further through this past experience. It will allow for an evaluation of what has been done and probably develop our answer further, with help of the tools that are ours today.

I believe that, globally speaking, at governance level, we have a young tool, 2 and a half years old, but that is not yet armed well enough to be dominant in the Ile-de-France public transport field.

I really believe that we might get to know the following evolution: giving more responsibility, larger action possibilities in developing public transport to the elect and to the STIF.

15 :33

Mary CRASS

Thank you very much, Mr Méry.

Next, I would like to call on Jonathan Bray, who is the director of the umbrella organisation for Public Transport Executives in the UK. Jonathan, relative to other countries in the EU, the UK has had a fairly centralised approach to governance of urban travel through local transport plans and the associated reporting process to central government, to the Department for Transport. It is a relatively centralised framework in the UK. The new local transport act, which has just gone through its parliamentary procedure, has devolved more responsibility to local areas for public transport, particularly to the public transport executives that you represent. It would be interesting to hear from you about the extent of this devolution of authority, and



secondly, its effect on public transport planning for UK cities. Could you allude to the positive and perhaps less positive aspects of this development?

Transport and Governance in the UK

Jonathan BRAY

Director of PTEG

In my opening remarks, I just wanted to cover a little bit more about the UK situation on transport and governance, and then to move onto some more general issues that might have wider relevance on governance and transport in Europe.

Just a little further background: the passenger transport executives are the locally accountable transport planning bodies for the six largest city regions outside London, so places like Greater Manchester, Merseyside and the West Midlands. We are in a position, as transport authorities, where we lost many of our powers during the 1980s, so we are not in the same situation as many of the transport authorities represented here today. In particular, we have very limited power over the highways. We have extremely limited powers over the bus networks. It is still the case that anybody in this room could come to, say, the city of Manchester and provide a bus service in the middle of the peak hour. You could use whatever vehicle you wanted. You could charge whatever fares you wanted, and you could operate to whatever standard of quality you wanted to provide. We also have some influence over the local rail networks, but perhaps not as much as we would like to have.

This loss of powers really took place during the 1980s, when we were hand-bagged by Margaret Thatcher as part of a wider process of centralisation. This is now beginning to be reversed, and we were very pleased that last night, apparently, at about 8.15, Her Majesty the Queen gave royal assent to the legislation that we had been working on for several years now, a parliamentary legislation called the Local Transport Act, which will offer us the opportunity of becoming more fully empowered transport authorities. What is interesting about this legislation is that it is permissive legislation. It is not setting out a national template that every city region has to follow - it is offering a potential range of powers to each city region, which each region can assess and see what is most appropriate for their area.

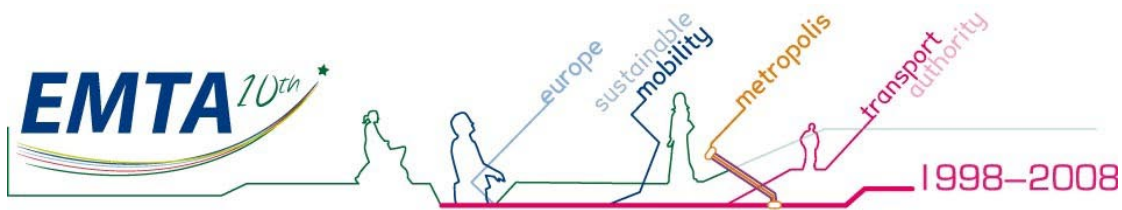


It could allow city regions to expand their boundaries to provide a better match with modern commuting patterns. It could allow the city region transport authorities to take more control over their local bus networks and local rail networks. Perhaps that gives us an interesting situation compared with many other city regions in Europe, where, for many years, you have had city region transport authorities with a full set of powers or it has developed incrementally. To a certain extent in Britain now, each city region can take a fresh look and go its own way, and perhaps that gives us some freedoms that are interesting in a European context of how that might be followed up.

Just to move onto three issues for perhaps wider debate about the governance of transport in city region areas: there are still many tensions in England, which have not yet been resolved, about what level transport powers should be devolved to. Should it be the local level, the city region level, or the regional level? What is happening in England at the moment perhaps could be characterised by a little bit of devolution to each level, and how that will work out in practice is not entirely clear. It would be interesting to hear from other people about these tensions and if there are models in Europe that, perhaps, have been more successful than others.

The second issue I wanted to raise was connections between land use planning and transport. This is not being achieved to a good level in England at present. We are still in a position where, despite being given greater responsibilities under this new legislation, we are not really included in any legislation that comes forward on planning, and we still face the problem of not being able to ensure that major new developments are properly served by public transport. It seems sometimes that the people who deal with planning live in a different world to those who deal with transport, and these two worlds are not linked up as well as they should be.

I think the third area I wanted to raise, which perhaps echoes what Mary was saying earlier, was about how you fit national priorities with devolution. For example, a major priority now, and it has been legislated for in Britain, is reducing carbon. If we are to reduce carbon, then that might suggest that you need to take quite strong leads to national level about how national spending on issues like transport is to be allocated. However, if, at the same time, you are devolving responsibility for transport through the city region level, how can you ensure that those national targets for carbon reduction are met? Certainly, in Britain, I do not think we have a very clear or precise enough idea yet of what the carbon impacts of different transport modes and different transport choices are at either a local or national level, and indeed, how that sits with other decisions about carbon in non-transport areas. I think that is a tension that is still to be properly addressed and resolved.



Mary CRASS

Thank you very much, Jonathan. I think we are going to pick up at least two of your last three issues for wider debate later. You have hit on a couple of very, very important and general questions. One is the idea of horizontal sectoral connections, and the persistent problem of linking land use planning and transport, though everyone agrees it is absolutely necessary.

Secondly, a very interesting issue is linking national policy priorities, such as climate change, with target-setting and the actual implementation of local transport activity on the ground. How can the two be joined up more efficiently? Certainly, with the carbon question and climate change, as you point out quite rightly, I think we have got objective setting and policy planning taking place very much at a national level, with a lot of implementation going on at a local level, and basically, a disconnect in the middle.

I think that is a very important point and very relevant to the governance question, so thank you for that. I would actually like to pick that up later, but before we do, I would like to hear from Tamas Dombi. Again, Tamas is responsible for European affairs for the Warsaw Transport Authority. Since the transition period, Warsaw has really become a major urban centre for all of Europe. It is a reference point for cities all around Europe, and OECD countries as well.

Transport systems in Warsaw and across Polish cities have developed tremendously, as has transport policy at different levels of government. We have seen quite a burgeoning of really good local transport plans from Warsaw, Krakow and Szczecin, and throughout the country. There are problems with implementing those policies, and again, changes in national policy direction for urban areas. How would you describe the evolution of transport governance in your country, say since the mid-90s, the transition period? What are some key remaining governance issues for transport in your city and, more widely, in your country?



Transport in Warsaw

Tamas DOMBI

Warsaw Coordinator of European Issues

Thank you. First of all, I would like to thank you all for the invitation. I am very glad to be here and to present the point of view of Warsaw and maybe partly the new Member States of the European Union.

First of all, I would like to talk about the regulatory and legal framework of local public transport in Poland. Since the transition period, since the beginning of the 1990s, there are many acts, both old and new, which regulate local public transport. There is a Competence Act, which is a local government act in Poland. It gives control of public transport to local authorities only, which means decentralisation. After 16 years of this act, we can say that it went too far because each local authority is obligated to organise local public transport for its own area. This means that Warsaw is obligated to organise public transport throughout Warsaw, but not in the nearby little towns and villages, where local authorities have their own policies and strategies for public transport.

Every day, many people from towns and villages around Warsaw commute into Warsaw for school, work or study. The authorities in Warsaw must negotiate and sign individual contracts with every local municipality. At the moment, we have 28 such contracts. They give us the right to organise suburban public transport on their territories, and they pay to cover part of the costs that are not covered by ticket incomes. As you can imagine, it is very difficult to negotiate individually with every municipality. Decentralisation is the one point that makes organising public transport in the metropolitan area of Warsaw very hard.

The second point is liberalisation, which, just like decentralisation since the transition in 1990, has gone too far. It means that due to the Road Transportation Act, which is another really important political act and legal act in public transport, anyone can organise transport services. I would like to refer here to Mr Bray. Just like in Manchester, you could come to Poland and organise suburban public transport between Warsaw and small nearby towns. In Warsaw, no one would do this because we have very good public transport, but between Warsaw and the nearby municipalities, there are lots and lots of small private companies that buy old buses from European countries and



then set their own fares and run services between Warsaw and towns within 40 kilometres.

How do we deal with these problems? This depends on government. In Warsaw at the moment, we only have the right to create policies and strategies that apply inside the Warsaw boundary. Every year, Warsaw gives 18% of its budget for maintenance of public transport only. If we compare this with other municipalities around Warsaw, they give some 1%, 2%, maximum 3% of their budgets to public transport. This is a huge difference, which we can see in the public transport service quality.

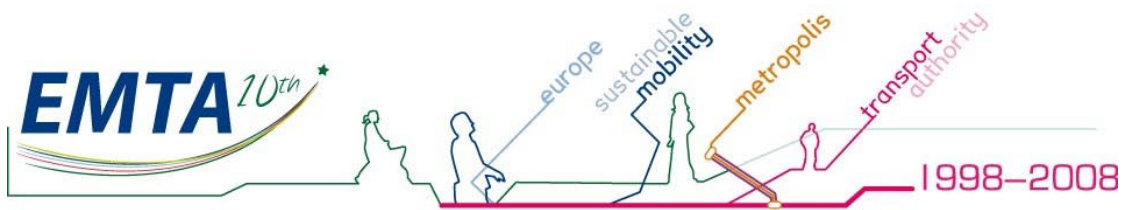
In Warsaw, the first transport policy was set up in 1995. The main point of it was to give priority to railway-based transport modes as the most effective form of transport. At the moment, we are preparing a sustainable transport development plan for the next 20 years, but it still only applies inside the Warsaw borders. We plan to set up a metropolitan transport authority organisation that incorporates every municipality in the Warsaw metropolitan area to jointly organise public transport.

At the moment, the legal regulations in this field are very unclear. We are waiting for new regulations. There are two really important acts in the preparation phase. One is the Act on Metropolitan Areas, in which the main point is setting up and organising a common metropolitan transport entity, with a common metropolitan transport plan, which is, as everyone knows, really important. Due to political differences, this act is only in the preparation phase. The second act, and I would like to refer again to Mr Bray, is a Local Transport Act. At the moment, we do not have any law dedicated to public transport. This also is in the preparation phase.

To summarise, in Warsaw, we have done a lot to improve the quality of the public transport service and metropolitan public transport, but we need a good legal framework, which is not present at the moment. Thank you.

Mary CRASS

Thank you very much, Tamas. It is extremely interesting to see how the transition period has brought the evolution of transport policy and legislation in Poland, and how that has impacted Warsaw. You brought up a point that I would like us to come back to, and perhaps, Jose, you could pick this up in a minute. You referred to the local transport authority, which is getting new powers in the UK. We have heard from Mr Méry as to the context in France. Once we hear from Eleni, perhaps you could refer to what some of these authority configurations actually look like in terms of their effectiveness, and what are they missing. In the debate about an effective local



transport authority, what needs to be included in there, in your opinion? I would like you to pick that up, if you would not mind, in just a minute.

Before you do, let us hear from Eleni Kopanezou, who is Head of Clean and Urban Transport at the European Commission. For many years, and we heard this from Mr Savary a minute ago in his remarks, urban mobility was not an area of EU policy or authority, but since the 1990s, it has emerged as an element of transport policy. Following Mr Savary's comments, could you describe for us how the body that you represent has seen the vision for urban travel evolve within the EU context, and how this vision has been and continues to be articulated in Commission statements, documents, green papers, action plans and so on? The floor is yours.

Urban Mobility

Eleni KOPANEZOU

Head of Clean and Urban Transport

Thank you, Mary. It is always nice to have you as a panel moderator. We have worked together on many occasions. In the context of the green paper on urban mobility, I remember how well you managed our conference on urban mobility some time ago. First of all, I would like to thank EMTA for inviting me to this 10th anniversary, and also Ile-de-France and STIF for hosting the event today, and more particularly for the very constructive and important support that they have given us throughout the preparation of the green paper and now the action plan. You have contributed valuable input, which we have taken very seriously into consideration. I am glad to be here today, also in the presence of our rapporteur for the action plan on urban mobility. It is expected, as was mentioned before, to be adopted by the Commission on December 10.

Mary, to your question about how this evolution has worked over the years, I can only confirm what Mr Savary said. At the beginning, we did not dare to touch urban mobility. It was an area where only research and demonstration or exchange of best practices could be accepted. Of course, this was already recognised in the Citizen- Network of the early '90s, but at the same time, we saw several other communitarian policies developed, which had an indirect impact on the area of urban transport and urban mobility.



We just mentioned air quality directives and the relevant legislation. The Member States address this issue, but the application, of course, is left to the cities, regions and local authorities. Vice President Barrot presented the green paper at the college. The most important element in the consultation process for this green paper on urban mobility was the main reference to clean urban transport. Following the publication of the green paper, all the European institutions, particularly the European Parliament, all the stakeholders, regions, cities and citizens contributed in a very, very important and lively way. From these consultations, we saw that subsidiarity is no longer an obstacle, but a challenge, and everybody was looking at the Commission and the European institutions for help. In this way, it became a positive element in our debate.

One of the reasons that this happened is that there is so much legislation addressed to the Member States, but the application of which lies with local authorities. Several actors at the local level do not have the capacity, resources or financial means to comply with specific legislative measures. We took into consideration all the views of the stakeholders at all levels, from local to regional, national and, of course, the European institutions, and the views of the various partners, actors and stakeholders. We addressed the very wide issues linked to urban mobility from climate change to safety and security to congestion. Following the publication of the green paper, we had to come up with something very concrete and limited in volume. We are only allowed to present a document of no more than 12 or 13 pages. We had to meet the expectations that we had raised and, of course, keep our promise to provide tools at the local level to deal with the big problems and issues raised in the green paper.

I cannot go into detail because discussions are ongoing with other Commission services, but I can confirm that at this stage, as the paper stands, there will be no legislative proposals. However, there will be several practical guidance documents and other types of support for local authorities. We will continue with an integrated approach, as we have done from the beginning. All sectors and levels of governance are involved. Later on, if time allows, I can give more details.

Let me go now to the issue of land use planning, urban planning, territorial cohesion, as it has been addressed in the context of the green paper consultation. Of course, it is such an important issue for most of you that special attention is given in the action plan itself. We are not going to dictate from Brussels or give guidance according to specific models. However, we believe that if we build on the work that has been done in the context of the thematic strategy for the urban environment, we will be able to guide both advanced regions or agglomerations, like Ile-de-France, who have a lot of knowledge in this area, and also others less informed and less involved in that area. We will provide practical examples and practical guidance over the next few years.

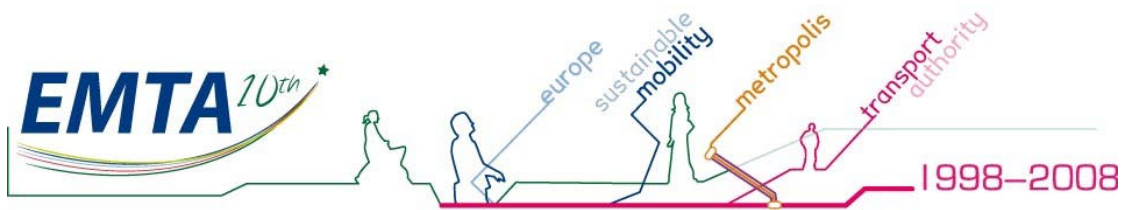


Public transport will also be referred to in the action plan on several occasions. We recognise the importance of public transport. We also recognise that you cannot only deal with passengers. We have to see how freight is integrated in the discussions and in the follow-up actions. Of course, in everyday life in our offices in Brussels, we deal with different levels of government, member states in the Council, representatives of regions, working with the European Parliament, but also with representatives of cities and local authorities, so we see the challenges that they face in trying to apply, as I said before, legislation from the upper levels so that it becomes everyday life for them.

Sometimes mayors are considered responsible for not applying air quality directives correctly, but as the Commission, we have a role to play there. We should give guidance to the mayors on how to best overcome the problems that they have. We know that many local authorities try to apply different measures from their perspective, but this is how we want to do things. However, we believe that our role could also be useful there. We can reduce costs and avoid reinventing the wheel. We can facilitate the smooth functioning of the internal market. Green zones or access-restricted zones is only one area. We could discuss this issue for hours and the problems that it may create, while recognising that in order to respond to some challenges like climate change, mayors have to apply such measures.

These issues mean that local authorities need our support, and this is why we believe that the action plan, although not very ambitious, will continue the process that started with the green paper. Vice President Tajani made very important contributions during the last CIVITAS forum in Bologna two weeks ago, when he made a commitment to continue with CIVITAS and open the dialogue on more focused financial instruments for urban mobility. We will continue with the action plan and then continue what we have started. Implementing the action plan will involve all the different actors. We want to keep the momentum that we have created with the institutions, public authorities and transport authorities. I will talk later on about more concrete examples.

It is true that when the European Commission or the European Parliament regulate or legislate, they started from the big networks, from the trans-European networks, financing and policy guidelines, but of course, for us, it is important to have the full chain working properly: urban, suburban, peri-urban and then, of course, connections to the trans-European networks because at the end, we want to have an efficient transport chain.



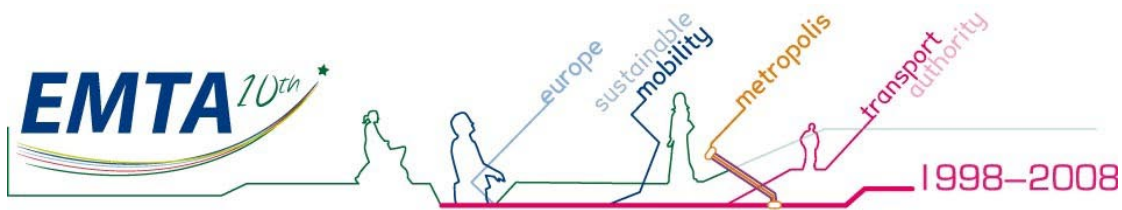
Mary CRASS

Thanks very much, Eleni. You have pointed to a couple of really critical points in the whole question of governance of urban travel. A couple of questions come to my mind that I would like us to think about during this round table. First of all, where do local transport authorities need support from higher levels of authority? Where do they really know best? Where can they really manage on their own, without the influence of higher levels of government? In particular, where is more support or better support needed from the national level?

You reference the national level and there is an interface, of course, at the European level with national government, and I put this to the audience to think about. Where is national government perhaps not hearing the need for support, be it legislative, policy framework or regulatory, as Tamas pointed out? Where are national governments not hearing that call for support in order for local areas to be able to implement what they know best and what they want to do? Is that the reason why or is that one of the factors behind the evolution of Commission involvement in urban travel? How does the Commission and the European level as a whole see itself as perhaps an interface or a point of articulation between where national governments may or may not be taking responsibility for urban travel, and so local authorities need to go above? Perhaps we can take a look at in a minute.

I would like the whole audience to think about that question. Before we do, different configurations of authority are represented here, and the priorities of different authorities are articulated in different ways. What we see, for instance, from the Region Ile-de-France is a rather mature process for an urban mobility plan, though Mr Méry did point to the fact that it was a young tool. Nevertheless, the planning structure has been in place for quite some time. From Poland, we see the process really just taking hold now, where, in spite of the jurisdictional issues that you have pointed to in Warsaw, priorities and visions for improving urban travel are now being articulated in what we hope will be a sustainable development plan for transport in the Warsaw area.

Jonathan pointed to the fact that local authorities for transport in the UK had really seen much of their authority taken away and put at a higher level, but now have this opportunity for more power at a local level. Your job, as public transport executives, is going to be to actually take that opportunity for travel, which, as you pointed to, depends very much on the municipality, and apply it appropriately at local level. As we think about those questions, I would like us to consider financing issues, which we are



going to dive into in just a minute with Alain Meyère, because that is at the heart of this too.

Before going to you, Jose, because I know you have thought a lot about this authority question and the right kinds of organising authority at local level, Mr Méry, could I come back to a point that you made, and then I would like to follow up with the others? Your point was that in the revision of the urban travel plan, one of the objectives that you alluded to would be to give to the politicians more responsibilities related to transport and tools to take action.

May I ask you to elaborate just a little bit, rather briefly? Could you please throw light on and emphasise the different aspects of these action tools, that the STIF and the politicians need?

Serge MÉRY

Yes. I must apologize, as the time I had dedicated to you already is over. Unfortunately, I am expected in the suburbs, quite far away from here in Ile-de-France. I can see that I will be in trouble, with the traffic, to keep my appointment on time.

However, globally speaking, I wish to get back to some points.

As a matter of fact, as I was telling you before, for us, decentralisation in Ile-de-France is recent - less than 3 years old, 2 years and a half. It is something that hasn't lived yet. When considered globally, there is a specificity and that is that competence is decentralised, but financial means are not. I think that Alain Meyère may get back to this later, but it is important. When the elect are given authority without the means that go along with it, it may sometimes get difficult to fulfil a mission. This also implies that we, ourselves, have been forced to face our responsibilities and increase the budget of the STIF, with the budget of the local authorities that make up the STIF.

I mean that this decentralisation naturally implies very strong political aspects. You must remember that in France, today, there is political opposition between the centralising State and the decentralised regions, which are managed by another facet of French political life. So there are implications. This naturally has consequences.

I mean that within the urban mobility plan, and more generally within the STIF action field, it sometimes is difficult getting forwards with projects, in spite of them being essential to the region or to limited geographical sections of Ile-de-France.



Let me give an example. For several years, we have worked on a tramway line [connecting towns] in the North of the region. That line has now been blocked for more than 7 years in a town, quite simply because the town mayor at the time, did not agree to the tramway project and did not want any public transport. Their vision was one of everybody travelling by car. They did not see the benefit to their fellow citizen's lives, to their children's health, to the social development of a solid public transportation structure.

So we fought. We tried all the possible stratagems to try to get their minds to change. But we did not succeed. And we lacked the tools necessary for any prescriptive measures to be taken.

The day French legislation evolves, we wish that the decision-makers may get tools to go forwards on parking issues, on environmental issues, on responsibility issues, and thus by-pass local egoism. It seems fundamental that a little island, a little Galois village, should not be able to resist economic, social and environmental thrust when interest is regional, global and major for the whole population, the interest of all.

Mary CRASS

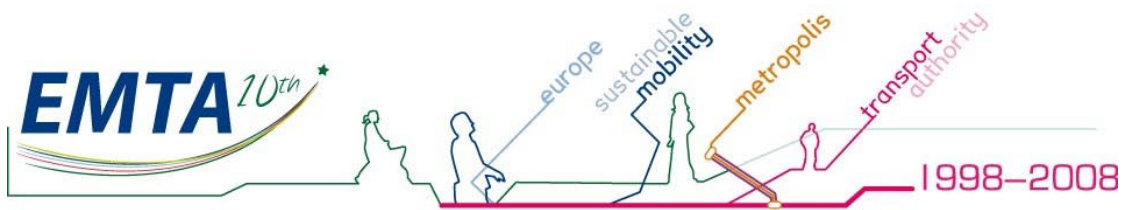
Thank you very much, Mr Méry.

I want to come to you now, Jose. Could you react to what you have heard with regard to the problem of authority in local areas right now? A lot of progress has been made. There is devolution in the UK, which was needed since the 1980s. There is organisation of authority in Warsaw being undertaken, and that has been needed since the transition period. You have got a Commission now and a European Union parliamentary structure that is moving forward on urban travel and setting up a framework at supranational level.

There remains the question of authority at local levels, and this is the representative body for metropolitan transport authorities in Europe. What do you see as the ideal authority in terms of competence and jurisdictional responsibility? How do you see that evolving in the very complex national legislative and regulatory frameworks that are in the European Union today?

You've got a commission and European Parliament going ahead.

What do you see as the ideal authorities?



Research Results

Jose Manuel VIEGAS

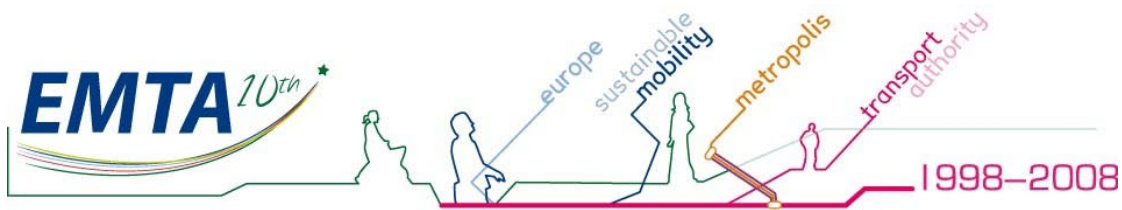
Lisbon University Technical Institute

Good afternoon. I want to start by thanking EMTA for inviting me. As Mary already said, this is a theme that is very dear to me, particularly in this context. I led the European Commission 4th Framework Programme called ISOTOPE, where much of the push for the existence of EMTA was raised, and also, by coincidence, I was advisor to RATP president Jean-Paul Bailly at the time of the first contract between RATP and STIF. I have also been involved in several other things, not least with Mary in the work that we did on organisational financing of public transport.

Let me start with a bit of framework by saying that we have to recognise there is very large diversity of situations concerning local transport authorities, which, to a large extent, derives from different constitutional settings about the place and role of local authorities within the organisation of each member state. We also see that there are new challenges arising for public transport at local level, not only, as we heard already today, from the global challenges of carbon emissions and global warming, but also, and it must not be forgotten, we already had the problem of evolving requests from public funds, particularly from ageing societies and also from evolving lifestyles. A lot of people today will not be satisfied with the transport solutions of 10 or 15 years ago.

We have to work in a continually changing situation, asliding carpet. If we do not adapt, we will fail. One of the conclusions that we have to take from this setting is that we are all learning, but it is a lot easier if we learn together and learn from each other, using the successes and failures of the others. We have a global challenge, with things that need to be addressed at planetary level and, at the very least, at European level, like finding a joint answer to global warming, at the national level, with changing fiscal responsibilities, and at local level because of evolving mobility requirements. My conclusion is that we desperately need a new framework for public-public partnerships, or even public-public-public to address three levels.

It is so gratifying to hear both local and European agents speaking about the participation and involvement of stakeholders, which means that at least at the lower level and at the higher level, this perception of the need for public-public partnerships is well represented. This is something that we are learning to do. The different weights of different actors in each setting imply that we cannot have totally common speech.

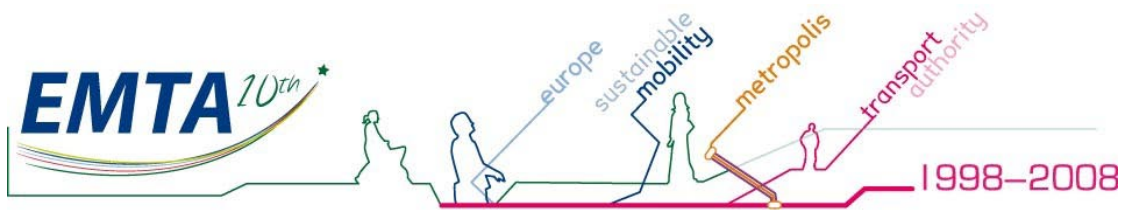


Discussing these issues in highly structured countries with regional representations like Germany or Spain is not the same as in areas where we have strong local power trying to affirm itself, like Portugal, or where local power has been pre-empted of competences and is now trying to regain them, like Great Britain. There must be a common theme, but different declinations.

To answer your first question, I do not see that there is an ideal authority. I can see, though, that there are some points that are more or less compulsory. We have heard very clearly here about two major problems that recur when we think about these issues: the geographical aggregation consolidation of different entities, and the disconnect between these local or metropolitan authorities and the national level, and also the horizontal disconnect between land use and transport. For that, I would like to raise three common recommendations, and again, even if they are common, they will need some local declination or localisation, as they say in the software industry.

The first one, which I think is the most important, is that local transport authorities must be responsible for all forms of transport, not just public transport, but also parking, circulation and soft modes because, to a large extent, they are all competing for the same space, but also because they are all contributing to our lifestyle. Both on the demand and on the supply side, there needs to be coherence, and this implies that the same agencies deal with that. Of course, this has to encompass not only passengers, but also freight. Freight is very often neglected because it is dealt with by another agency, but we must not forget that just as we have to move to work, so has the food for our lunch and the paper for our reports, so this has to be considered together.

The second common recommendation would be that the definition and exercise of policy has to be goal-oriented. There has to be explicit goals, probably negotiated between these different levels. We have to identify that there are three decision levels, not only in transport, but in most complex systems, which are strategic, tactical and operational levels. We must identify which institutions are responsible for each of these levels. In my country, like in many others, people say that the mayors want to define where the bus stop is located. This is not a decision for the mayor. We have to understand that strategic decisions have to be taken at the political level. Tactical decisions belong to technical agencies. These agencies then look at all these transport modes in a coherent way, answering the pressure for the strategic mandate, but doing it with technical competence. The operational part can be contracted to private operators and in many cases, it is the best solution to achieve efficiency, and must be monitored and vetted by the public agency responsible at the tactical level.



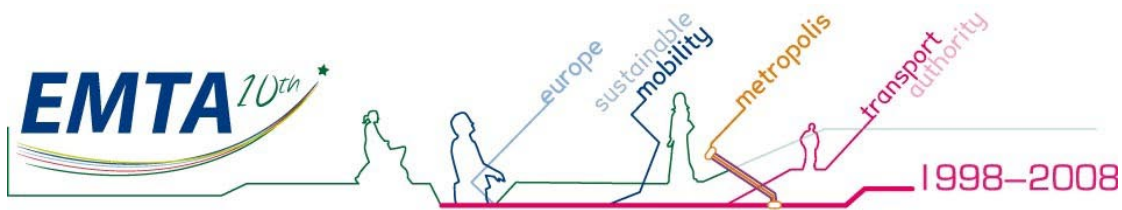
The third question is a connection between the local and national level. I think it is more or less unanimous, at least in this room, but probably elsewhere, that in urban transport policy, local authorities have the driving seat, but national governments have a big role in the governing framework. This is where the public-public partnership comes into play because they have a very important role in legislation and regulation in different dimensions. Probably one of the most important is on the fiscal aspect, but also on the institutional design itself, and on the questions of land use and transport, and in particular, on joint responsibilities.

To give an example, one of the difficulties in Portugal is that in the metropolitan areas of Lisbon and Porto, local authorities are fully responsible for land use, but they pay nothing for transport. There is no economic incentive to be rational on land use decisions because you get the taxes and somebody else pays the transport bills. Also national governments can be very instrumental if they define a coherent package for selective, and I insist on selective, co-financing of investments. It is not just giving a percentage - it is giving so much percent, abiding by these principals and proving that you can have a balanced exploitation.

The third one, of course, is the evaluation and dissemination of best practices. This is something that can be easily shared between national governments and European institutions. Institutional design is something that is very difficult but very fascinating. There is one thing we have to realise from the start: by the time we are ready with the first cycle, it will already be out of date because society has evolved. We need patience and stamina to keep chasing the target, and we will reduce the distance. I hope I have satisfied your curiosity about my views on that.

Mary CRASS

Thank you very much, Jose. I would like to take three questions from the audience. I wish we had time for more, but we have had such dense and rich contributions from the panel that perhaps it has squelched a bit of time for exchange with the room, but I want to take three questions, if there are three that are pressing right now.



Questions and Answers

Mick JAMESON, Chairman of South Yorkshire Passenger Transport Authority

Good afternoon, colleagues. I am Councillor Mick Jameson, chairman of South Yorkshire Passenger Transport Authority, which is in England. The view that I want to express is the success that we have had through the six PTA authorities with regard to getting free bus passes for our senior citizens. Initially, we started regionally, and then eventually, we were successful in achieving that nationally. Our next objective is to actually provide free transport for our young children who are still in education. We are partway there. We have heard our new Secretary of State say the gate is not closed on certain issues, and we will be campaigning for that. I know that in the fullness of time, we will be successful.

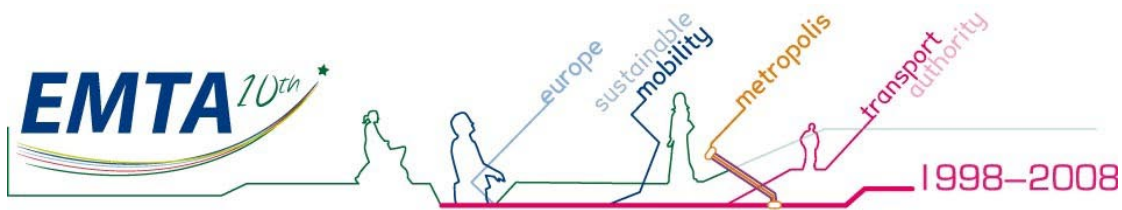
The final objective, obviously, will be to get free public transport for all our citizens. If we are really serious about carbon emissions and reducing congestion, I believe we ought to go down that avenue, but one of the problems is obviously the funding, and I know that is in round table two, but I would like to invite colleagues throughout Europe to join us in these campaigns. I think eventually the funding ought to be from the European government itself. Thank you.

Mary CRASS

That is quite a provocative statement. Certainly, the question of covering fares for different segments of society is one that generates a lot of discussion, and I am going to ask you to put that to Alain in a minute, but I think you have raised a very interesting point that does recur. You are right about the interest of that, at least from a public standpoint. It has got a lot of complications associated with it, as you pointed to. Thank you very much for that comment.

Steve NEWSOME, Transport for London

I have a very brief comment. We have spoken about different regulatory organisations for our transport authorities and I would agree with our last panel speaker. There is no one simple model that everyone can adopt, and the panel have explained evolving situations in their own countries, and evolving situations that actually look to national government to put that framework in place. I think that is the right role. Even where you have a stable regulatory regime for an organising authority, of course, that



organising authority then itself must have the freedom to adapt its policies to new challenges as they come up.

I would just like to finish by welcoming the comments of Mrs Kopanezou on the Commission's action plan. Yes, there is a real role for the European Commission in urban transport, in helping cities, regions, organising authorities and transport operators get their processes and practices right to make sure that we deliver the best for our citizens. Thank you.

Mary CRASS

Thank you very much. That is a helpful comment. Do any of our eminent panellists have a question that they would like to pose or a final comment that they would like to make?

Jose Manuel VIEGAS

You had asked me to make a final statement bridging from this round table to the next one. I would say that, to a large extent, the coherence and stability in the output of these local authorities will have a lot to do with the different actors there and certainly, the municipalities. In some cases, the region and/or the national government share the financial burden. We know of many cases in which the initial agreement was made in a hurry to get a political photo op just before an election or something like that. In reality, over the years, what is being done is not what has been agreed and contained in the contract. We all keep lying in unison to avoid the embarrassment of letting the public know that we are doing something different. My recommendation would be that we do these things, giving more emphasis to firmness and coherence and less to urgency.

Mary CRASS

That is an excellent bridging mechanism for our next round table. I want to thank all of you. I think your contributions were extremely rich and very interesting, and certainly helped ask a lot of questions that I think local authorities around Europe are asking right now. Thank you all for your patience and attention. I look forward to the next round table that will focus on what Jose has pointed to, and that is the interface between governance and financing issues. Thank you very much.



Second round table

The Challenge of financing Public Transport

Maria KRAUTZBERGER, Vice Senator for Transport Berlin

Nina KAMPMANN, Metro Copenhagen Transport political manager

Nicola COX, Senior Associate TFL, London

Mario AYMERICH, European Investment Bank Deputy Director

Dionisio GONZALEZ, CRTM Madrid Head of Quality department

Lennart HALLGREN, SL Stockholm Director

Moderator

I want to introduce your moderator, Mr Alain Meyère, a former colleague at STIF and currently the Director for Mobility and Transport Development at the IAU, the Urban Planning Institute of Region Ile-de-France.

Alain MÉYÈRE

Director Mobility and Transport Development in statute for urban planning and development Ile de France Region (IAU-IdF)

Thank you. Our round table will count two steps. A first step deals with resources. Which are our resources? How can we get more resources? The second step deals with expenses. Can we spend better? Do we have the means to spend better?

For this round table, I wanted testimony - we previously said that it is important to share our experience-, so I called for the testimony of several organising authorities that are EMTA members.

That is why I called Mrs Krautzberger. Mrs Krautzberger works at the Berlin senate. She is in charge of urban development for the Berlin senate.



Mrs Nina Kampmann is from the Copenhagen metro. The Copenhagen case is another interesting case. A metro and a new city were built during the same period in Copenhagen. And the funds from the sale of the land for the new city were used to finance the metro. That is the experience that interests us.

Mr Mario Aymerich is from the European Investment Bank. As we talk about money, I think it is important to hear the European Investment Bank's point of view.

Mrs Nicola Cox also is among us. She represents TFL. She is in charge of financial affairs at TFL. The TFL case is to be particularly interesting to us, because she is going to talk about PPP. She also is going to talk about transportation financing by land sale, in particular applied to the Dockland light railway. She is going to talk about various subjects of that nature.

Mr Gonzalez is director in charge of public transportation concessions in Madrid. He therefore is going to share his experience about concessions. He also is going to share his experience in letting the private sector finance some transport investment.

Finally, Mr Lennart Hallgren comes from Stockholm. Everybody knows Stockholm, in particular because of its congestion tax. The Stockholm case was interesting even before that. It is one of the metropolis, one of the organising authorities that anticipated European regulation and signed contracts with private operators to run the transport network.

Let us first listen to Marc Garcia Lopez. Marc Garcia Lopez is from Barcelona. He currently happens to lead a comparative study on financing in different organising authorities that are members of EMTA. He will present the study tomorrow to the EMTA members, but will say a couple of words about it right now, in preview.

Comparative Study

Marc Garcia Lopez

Director General ATM Barcelona

We recently launched a comparative study, which we will report extensively on tomorrow during the working meeting of EMTA. It is a study of public transport financing and pricing policy in different metropolitan areas. In particular, we selected six areas in



which we wanted to benchmark our basis structure of funding and pricing. Why did we do this?

We did this because we have several concerns we feel we share with most public transport authorities within the EMTA area. Just to give you a flavour of that, in 10 years, the annual operational cost of our public transport system has doubled from EUR 500 million to EUR 1,000 million. In the same 10 years, the percentage of State funding has decreased from 37% to 25%. As for the infrastructure cost, for example, the works that were done during 2007 in railway networks in the metropolitan Barcelona region amounted to roughly EUR 1,000 million. Of that, the State funded only 2.5% of the total expenditure.

This obviously creates tremendous pressure on the regional government and local authority budget, and we really want to set up a discussion, possibly a joint discussion and even a lobby to cope with these really challenging figures. This is a structure that is obviously not sustainable in the long term, and this is the reason why we launched this study. We will talk about that in more detail, as I mentioned, at tomorrow's meeting. Thank you.

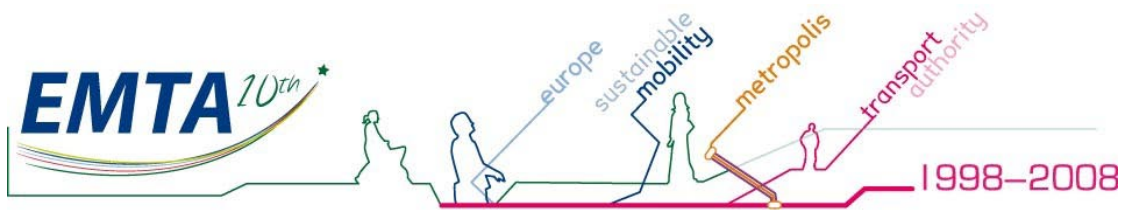
Alain MÉYÈRE

Thank you. Just a brief reminder of the rules. I shall ask a couple of rather direct questions to each participant at this round table. Naturally, any of you may intervene, if you think that you have some fact or testimony to bring on subjects, for which I haven't called on you.

One last point. We also will have one major witness / grand témoin . This grand témoin is the same we had for the previous round table. Would you please come and join us. He has a problem. It is an airplane problem. This implies that he won't share his conclusions with us at the end of the round table, but will do so at the end of the first part of our round table, not to miss his plane.

I suggest that we review the 4 large resource types that can be liberated, in financial terms. These 4 large resource types are - only as a reminder - commercial revenues mainly fare revenues, resources from indirect beneficiaries of collective transport- e.g. the economic sector or real estate developers - resources from cars, from the internalisation of external costs linked to cars, and finally public financing and loans.

Let us first review all these revenues.



My first question is to Mrs Maria Krautzberger. It relates to commercial revenues, and in particular on the larger share of her commercial revenues that are fare revenues . Do you believe, as responsible for an organising authority and also as political authority, that it is possible to increase fare revenues while preventing social exclusion? This sends us back to the previous intervention on gratuity.

17h11

Strategic Approaches to Avoid Conflict

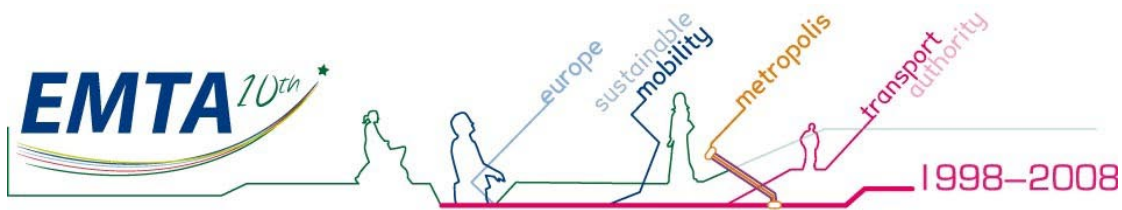
Maria KRAUTZBERGER

Vice Senator for Transport Berlin

First of all, I would like to tell you that I want to answer this question in a more strategic way, which also leads us to the future because it is quite obvious that there is a conflict indicated with this question. I would like to present three strategic approaches to avoid this conflict. Of course, I believe that politicians have to make use of all legal and administrative instruments to reduce the total cost of public transport services.

First of all, within the organisation itself, the main objective is to establish a structure with clear separation of administrative bodies on one side, to define, order and finance public transport services, and the production of the service by public transport operators on the other side. This is very important and is not present everywhere. We also have to guarantee transparency in the transfer of public subsidies to operators, and the outcome of this transfer. This can help to get a higher level of acceptance of these transfer within the society in cities. Of course, this is a very important aspect. For example, in Berlin, as well as in most other cities and European metropolitan areas, ticket fares cover less than half of the total costs of public transport, and the rest is covered by public subsidies. Of course, the market instruments do lead to better efficiency. When Germany opened public transport services to the market, public subsidies dropped by about 20%.

A second strategic approach aims at modernising public transport services, due to the demand of modern consumers, who regard the private car as their benchmark for transport quality. It is most important to guarantee good customer orientation. Up until now, public transport customers had only two options: take it or leave it. There was no



alternative service offered besides the traditional public transport provided, with timetables and fares defined by the operators. The integration of flexible and individual transport modes like taxi services, demand call buses, public bikes or even public cars within the traditional services of public transport will create a new culture. These differentiated services could find new customers and move car-oriented customers to public transport, and prevent social exclusion, as there will be cheaper and more expensive services side by side. There is another argument. Traditional public transport, with bus services as the backbone, has lost a little bit of its environmental advantage compared to private car use, and the integration of taxi services, public cars and public bikes will help to regain the environmental argument for the transfer of public subsidies in the future.

A third strategic approach points to the European level. Transport policy, as well as fiscal policy, land use and urban development policy has been car-oriented for decades, as we know, but we need to change European transport policies to benefit public transport. A simple example will help to explain this. Private cars sold in Spain, Sweden or France are technically the same. The rules of the road are harmonised to a large extent. Services combined with the ownership and use of cars, like insurance, maintenance, repairs and so on, are the same all over Europe. In short, individual transport has gained many advantages from European harmonisation, but in contrast, public transport is divided into many very local-oriented services. In Germany and many other places in Europe, it is the operators who define their own technical standards for passes, ticket machines and so on, and this makes public transport difficult to use, expensive and less customer-oriented.

To conclude, all the issues I mentioned which are of course important political questions, and public authorities must develop and implement these strategies. Such initiatives can never be left to operators and transport companies rather to transport authorities. Thank you.

Alain MÉYÈRE

Thank you, Mrs Krautzberger. I suggest that we proceed to a second subject. Let us go through our resource categories. Let us proceed to the indirect beneficiaries. Among these beneficiaries, let us think of the real estate owners, of the promoters, who see the value of their assets increase with the presence of public transportation, and else of the companies and employers, who benefit from a widespread potential of workers and from a better accessibility thanks to public transport.



I suggest that we linger a moment on the issue of well functioning labour markets and economical attractiveness. In France, for instance, we have the transporttax, that is a tax paid by all employers, companies and also public employers².

Probably less known are some ideas that right now are current in Great Britain. I turn to Mrs Cox, who will tell us about them. For example, I think of one suggested contribution form called "business rate supplement". Could you please say a couple of words about the justification for this tax, and possibly add the expected revenue volume and what purpose it might be used for?

Transport For London

Nicola COX

Senior Associate, TfL

Thank you. I will just give you a bit of background. Transport for London is the authority responsible for the provision of transport services. We are controlled by the Greater London Authority and therefore by the Mayor of London. More traditionally, Transport for London has relied on traditional sources of funding, for example, fare revenue and grants and subsidies from the Government. However, there has been recognition that there is a need to try and capture value elsewhere and to generate funding to promote investment for the future. This is additional investment that would otherwise remain unfunded.

Transport for London is focusing in particular on projects that will enhance economic productivity and employment in London and therefore in the national economy over the next 10-15 years. One project in particular which is being co-sponsored by Transport for London and the Central Government is the Cross-Rail project. This is a project that will see a new rail link being built, joining together the East and West areas of London, right through the centre of the city. It is an extremely expensive project, currently estimated at GBP15.9 billion to build. There was only a limited availability of traditional sources of funding to allocate to that project. It has therefore been necessary, as I mentioned, to try and capture value elsewhere.

² Provided the number of employees is over 9 people



It has been proposed by Government through a review of local financing policy, that local authorities should be given the opportunity to raise additional taxes. This is a tax that builds on an existing tax across the national economy and is levied on the occupation of non-domestic properties. As I said, it is part of a wider tax framework in the UK. That business rate is currently collected locally, but it is contributed to a central pool that Central Government controls. The amount that each local authority receives is also controlled by Government. The amount raised is controlled by Government. It is a stable revenue and it is effectively a form of compulsory value capture for existing business to contribute back to public expenditure on transport and other infrastructures.

The Government is putting forward an idea in a current White Paper that will be translated into primary legislation in 2010. This is that local authorities should be able to charge an additional supplement on top of that existing business-rate tax. The reason for charging businesses paying that supplement involves recognising that businesses play a great part in promoting further economic development for the provision of infrastructure.

Currently, the proposal is that local authorities will be able to charge a very minor supplement on top of business rates, capped at 2p in every pound charged. It can only be charged on properties that have a value over quite a high threshold. It is set not to penalise or make uncompetitive the existing tax system. It aims not to drive businesses away from the areas they are currently located in.

I suppose the justification for it is that it provides a very valuable additional revenue stream, one that also promotes better partnership between business and the local authority. It makes local authorities and businesses come together to make the investment decisions. In London, it is intended that the Greater London Authority will be able to set the business rate and charge the business rate. That will give a stable stream of income, which the Greater London Authority will be able to borrow against to finance investment in their Cross-Rail project. It is currently anticipated that about 3.5 billion will be raised in the five years from the time the legislation kicks in in 2010. Post that time, the Greater London Authority (GLA) will be able to raise UK\$3.5 billion.

I think the perception of it is mixed. Clearly, in London, the economic benefits of a project such as cross-rail and the additional employment and productivity opportunities it provides are clear. In other areas of the UK, the value of being able to charge a business-rate supplement is less proven. Certainly, there is a mixed response from business. In London, we suffer from an issue. The areas where the property is at the threshold value where that supplement will be charged are not necessarily the direct



beneficiaries of the project that that supplement will fund. Hence, what is hoped is that we will see some equalisation across London.

In local areas in the rest of the UK, it will not be as easy for local authorities to raise money and raise enough funds to finance infrastructure projects of such a vast scale. These are much needed infrastructure projects in local areas. Certainly, even though it is a stable revenue, there is some risk associated with it, particularly to do with property values and market cycles more generally. Certainly, the GLA anticipates that in borrowing against that revenue stream, they can gain competitive financing rates. That may not be the case, or may not be as easy as one would hope in the current climate.

In addition, if the property market suffers and property values fall, it will be less easy to raise as much as we had previously hoped. The revenue stream will be smaller and therefore we will be able to raise less debt against that revenue stream. Primarily, there is a way that Transport for London (TfL) and GLA are dealing with that issue. This is to ensure that for the cross-rail project, which is such a vast project, there is a good blend of funding mechanisms in place. These are ones that will be able to pick up the slack, if you like, from other funding mechanisms should they not materialise the way we anticipate them to progress.

Alain MÉYÈRE

Thank you, Mrs Cox. You already mentioned the question I was intending to submit to the round table, about financing by means of land and real estate appreciation.

I think that we are lucky enough to have 3 parties at this round table, who are qualified to talk about it. Mrs Nina Kampmann can talk about her Copenhagen experience. I first will let her speak. Then, I will ask Madrid's representative, Mr Dionisio Gonzalez, to talk about the Madrid experience. After that, I will let you speak of the subject again, Mrs Cox.

Nina KAMPMANN, Copenhagen Metro

Thank you for the invitation to visit the EMTA today. I would like to share with you the views of Copenhagen Metro on the financing mechanisms for the first phases of the Copenhagen Metro. The decision to build a metro in Copenhagen has a history of many years behind it. We have been creeping up to making a decision for almost 100 years. It really became a topic that could be decided on was in the late 1980s and the beginning



of the 1990s. Unfortunately, that was a period where there was a great lack of funding; it was much worse than today. It was a period where a few years before, the City of Copenhagen, which is a major partner in the Copenhagen Metro, was on the brink of bankruptcy. Alternative financing mechanisms were needed.

The project is communally owned by the city of Frederiksberg, which is a small municipality in Copenhagen, the City of Copenhagen and the State of Denmark. The City of Copenhagen and the State of Denmark jointly owned a piece of land in the island of Amager. If you have been to Copenhagen, that is the island where the airport is situated.

They looked at previous experience from Britain, where new town projects had been carried out during the 1900s. You provided an infrastructure on undeveloped land and used the outcome, the rise in the value of the land, to finance the infrastructure cost. It was not actually a new idea, but it was not a previously-tried idea in Denmark. There were some worries about doing this, because when the legislation was moving through parliament, the Minister for Finance was asked, 'Isn't this running a risk?' He had to say to those who asked him, 'Yes it is. It is running a risk.'

When dealing with real-estate markets, as we see at this moment around us, they go up and down. We have recently been through some very good years and we have been very happy to see large amounts of money coming back to the company and to the project through a high increase in land prices. I am sure that the prospects for the following years will be less promising. Of course it involves a financial risk, but without involving a risk, you have not got a chance for making major gains. And that was definitely needed.

You need to understand that it was a very special situation at the beginning of the 1990s. No activity was taking place in Copenhagen at all; it hadn't taken place for years before that. Whoever could move out of the city did so, whoever had the means. The people living there were mainly elderly people and students who had nowhere else to go. We were in a desperate situation where we needed to put on a new agenda. For that reason, they chose to take that risk and involve that risk in the infrastructure projects.

At the beginning of the project, it was quite difficult, because this was undeveloped land. This work can mainly be done if you get your hands on undeveloped land, not building where people already live and own the land, or have factories there. You need to own the land where you build the infrastructure. As this was undeveloped land, there was the problem of who would go first, who would settle first and who would be the



first mover. After that was solved, the Danish economy and the European economy as a whole changed a lot. Things started to look very much better. When we opened the metro in 1997, that also changed the picture, because suddenly there was accessibility. It was not just accessibility; it was high-quality accessibility.

I have mentioned the disadvantage of involving an infrastructure project which would strive to be financially stable. Would we all not like to be that? When we work with a project with technical difficulties and political difficulties, we do not need to add financial difficulties if we can avoid it. However, I would like to focus on the fact that when you supplement high-quality infrastructure with developing land, as we did in Copenhagen, you have some transport political results that are quite remarkable. You have a chance of achieving very good results.

In the Erstel area, which is the name of the undeveloped land that was given the metro in the 1990s, the inhabitants and the employees in the area make remarkable use of public transport today. Certain workplaces there have been going through investigation and it does not compare to other areas of Copenhagen for use of public transport. In that way, it is possible to achieve quite a good result in the transport-political area as well. We should not forget that agenda.

However, the decision of expanding the Copenhagen metro was taken in the last few years. As part of that decision, it was decided not to involve the financial risk on the metro construction project. It is still financed partly through land sale, even though we are actually not building a metro in undeveloped land. Luckily, someone found land elsewhere that could finance the construction costs, which are huge when you build underground. However, the land sale is now undertaken by a separate company, not by the metro company. Right now, in the middle of the global financial crisis, it is a relief for the Copenhagen metro that this is not a difficulty, which will affect us in the short run, anyhow.

Alain MÉYÈRE

Thank you very much, Mrs Kampmann. Perhaps Dionisio Gonzalez could say a couple of words about the Parla tramway?

Dionisio GONZALEZ, Head of Quality Department, CTRM, Madrid

We have developed different projects in Madrid with this land-value capture instrument. Some of them are already in place like the green railway corridor, or some



newer, suburban railway stations developed by Arpeggio, which is a public company owned by the Regional Government. Another example is Parla Tramway. Parla is a municipality, which is located in the South of the Madrid region, some 20km away from Madrid. In the year 2001, there was a joint development between the local authority and the Regional Government to develop another part of the city. A city which had 60,000 inhabitants now has more than 100,000 inhabitants.

They decided the best solution was to build a tramway in order to give accessibility and to connect the two different parts of the city. It would have a circular lane and an orbital lane connecting both parts of the city. With the development of this land, they have achieved some 33% of the total investment of the tramway, which is more or less around EUR42 million. The problem now is that the pace of land development is not the same as some 2-3 years ago. The 67% of the investment, which remains, has not been paid to the banks. Right now, the concessionary is negotiating with the banks regarding ways to postpone this payment.

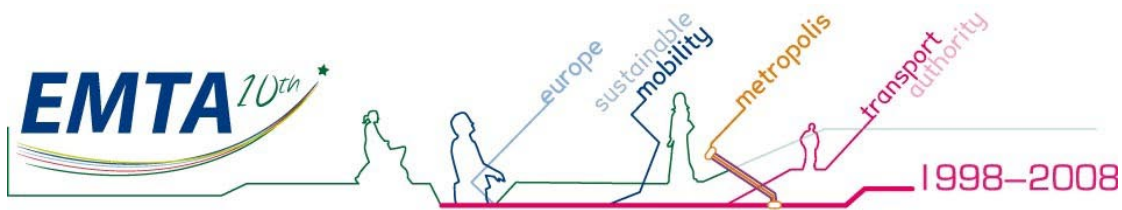
I would say that this is a good solution, but of course, it is not a stable solution. Another thing that I am not sure has been highlighted is that this land-value capture mechanism could fail in cases of negative impacts of new infrastructures, which will somehow occur. On the contrary, I would like to mention that there are clear benefits to involving municipalities in the construction of infrastructures. If land-value capture is not the best solution, there should be a mixed solution, with the participation of the municipalities.

Alain MÉYÈRE

Thank you, Mr Gonzalez.

I now have a question to Mrs Cox. 10 years ago or a little bit more, concerning the extension of the Docklands light railway to Beckton - it is referred to as the Beckton Extension in literature - I remember that everybody wrote, for instance at the British Parliament, that no public funds would ever be used to pay for the project.

However, I believe that exactly the opposite occurred. Could you say a couple of words about this?



Nicola COX

You are exactly right. Regarding the Beckton Extension Project in the Docklands area of East London in the late 1980s, there had already been some development to that area. Land-value capture had not been used, but it has been recognised that new infrastructures could bring premium value to land. The idea was to try and learn that lesson and use it going forward to fund future extensions to the light railway in that area at that time. The intention regarding the Beckton extension was effectively to generate endowment funding, to sell land after the construction of the extension and realise a premium. This would pay back the initial cost of that investment, if not more.

The contract was let in 1989. In the early 1990s, the property market crashed and with it, the funding mechanism failed, quite clearly. In fact, no development was seen in that area until 10 years after the extension was opened, by which time, the land had been passed on to other parties. There had been some changes in the authority arrangements and the governance arrangements in that area. Effectively, Central Government was left footing the bill for that project. That is not to say that that is not a mechanism that we would use again. We certainly would not take that one experience and close it off as an option for funding going forward.

There are some valuable lessons to be learnt from that experience. Primarily that you have to think about using that type of mechanism, that type of endowment funding mechanism, quite strategically. It is part of a wider funding mechanism that I touched on earlier; it should not be used where you have to solely rely on that form of funding to cover the cost of an entire project. Certainly, it is highly variable; you cannot predict how much money you will make from selling land at the end of that project. Therefore, you certainly need to forecast rather prudently and conservatively how much you think you will be able to gain in the future.

Also, the lesson we have taken from the Becton example is that that type of land-value capture does not always work where the area is marginal. By marginal, I mean it is on the outskirts of existing clusters. Primarily, a demand for land and premiums for land are in areas that are closer to existing clusters in land that already has some development undertaken. It is land that is not wholly industrial and uncontaminated. That land had particular issues with it, in that it was costing quite a lot to actually develop it in the first place.

However, as I said, we are going to use that type of funding mechanism again for the Cross-Rail project. About GBP500 million worth of the funding for that project is deemed to be from property sales and development income for about 10 years' time.



Certainly, in that project, the land we would be selling is in prime London locations, so there will be a demand for it. It is next to existing clusters of business and residential areas. We have made sure that it is not the primary funding mechanism for that project. We have ensured that we have the ability within the TfL estate more generally to cover the risk that there is a downturn and we cannot realise that value. I think that is the primary lesson to learn.

Alain MÉYÈRE

I thank you for the sincerity of your answers, because we can all learn, also from the difficulties you have met with.

I now switch subject and want to deal with resources coming from the car sector. We know that cars stand at the origin of nuisance, of pollution and of congestion. That is why resources coming from that sector often are used and sought for.

In Paris for instance, in Ile-de-France, part of the revenues related to parking tickets are used to finance public transport equipment.

Earlier, there was talk about the Eurovignette, urban tolls, congestion tax, etc. Here, Mr Hallgren from Stockholm is going to say a couple of words about his experience. In particular, I want to ask him the following: "This tool, is it a tool useful for financing or is it a tool that may be used for other purposes, for instance congestion regulation or environmental benefits? Which are your objectives in Stockholm? Are the revenues collected in Stockholm at level with your public transport financing needs?"

Stockholm

Lennart HALLGREN

SL Stockholm Director

First, I want to thank you for giving me the opportunity to join this very important EMTA meeting. Before answering your questions, I will try to give a bit of background. I hope I do not disappoint anybody by saying that the congestion charge in Stockholm was not at all to raise funds for big infrastructure projects or big public-transport infrastructure investments. It is meant to take care of a growing problem of congestion within downtown Stockholm. Let me give you more of a background. We do not have so much



experience of it, because the congestion tax as it is was implemented on a permanent basis in August last year.

The permanent situation has only lasted for a little bit more than a year. However, before that, there was a seven-month trial period during 2006. Late that year, there was a referendum in conjunction with the general election. The municipality of Stockholm, or the voters, voted yes with a very small majority. In the regions, there was a lot of opposition, so to speak. The result of the congestion charge, as we have seen over this short period of time, is that traffic has decreased much more than was expected. The expectation was that the traffic of inner-city Stockholm would be reduced by 10-15%. However, it has actually decreased by 20%; during the trial period, it was even 25%, so that is a very good result.

We have improved accessibility a lot. With that comes a lot of good environmental impact. CO₂ emissions have decreased by around 14%, though not entirely because of the congestion charge. In the regions, it decreased by 2-3%. A lot of people were afraid of the effects on regional trade and on commerce; they felt that the congestion charge would cause problems for it, but they were marginal. You could say that a lot of the objectives that have been set out were fulfilled.

The public-transport system needed to be built up a great deal to cope with the demand that was foreseen. Public transport has not increased as much as car traffic has decreased, but public transport in the regions has increased by 6-7%. The funds that are collected, because there is money involved, will be used for new route constructions in and around Stockholm. However, it will take time to raise enough money for such big investments. Money will also be invested to improve accessibility, with new bus lanes and so on. That is a part of Stockholm Transport SL that will be included in the congestion charges in the future.

However, during the trial period, there was much more focus on raising money for public transport than it seemed when I mentioned it. The money will mainly be used for road construction and so on. The charges do not involve a lot of money; it is EUR1-2 for each passage. The maximum charge a day is EUR6. Therefore, we are starting at a very low level. There are a lot of exemptions from paying the charges, such as buses and environmentally-friendly vehicles, of which we have a lot in Stockholm. They also include vehicles with disability permits.

All the investments that were necessary to build up the system have been financed by the Central Government, even the start-up costs and the operational costs. The total cost was close to EUR350 million, which is a lot of money. We can now see that by the



time it is terminated, the congestion charge will have raised EUR80 million a year. There are some operating costs which are quite high and the surplus will remain at EUR55-60 million a year. This money will be channelled to the Swedish Road Administrations, who are administering it. Out of that money, funds will be taken to build new bus lanes, as I mentioned. That is the public-transport part.

However, before the trial period, a lot of money was invested in the public-transport system, because we needed to cope with the very big demand expected and we did so. The Central Government gave us money to invest in almost 200 new buses. There is a lot more bus traffic with express buses and direct bus routes. However, the biggest part of the new traffic was found in the metro system. As I mentioned, public transport increased by 6-7%. That was during the trial period, but now that it is terminated, we can see that the increase continued. Of course there are also other things affecting this, so it is not so easy to measure things like this. However, it seems that the objectives that were set out have been met very well.

Alain MÉYÈRE

Thank you, Mr Hallgren.

We are going to end this review of resources with loans. We do know that public funds generally are used as a financing complement and that loans often are taken. The European Investment Bank, in particular, is often solicited by the least rich countries.

At our round table, Mr Aymerich represents the European Investment Bank. My question to him is the following. We have read in the press - I read it, as you probably did - that the European Investment Bank intends to increase its credit volume to the car industry. It is going to increase its credit volume by 20 to 30 % in order to support the car industry activity, and also because it wishes to develop transport that cares more about environment, that is greener. The question is: "Don't you believe that public transport also answers exactly the same criteria, i.e. that it also brings an important contribution to employment and economic development and that it also contributes to environment?" So, are you going to do the same for public transport?

Mario AYMERICH

Thank you, Mr President, for your invitation.



Before answering your question, let me spend 2 minutes to make a joining with the previous round table.

I think that Mr Viegas very clearly exposed his recommendations. For us, I would say that the last recommendation, i.e. stability, is not a recommendation, but a necessity. It is an absolute necessity for a bank to have client stability. Else, no credit can be backed within a 30 years time. So I think that the way to reach this stability - we have had many discussions about it - can have different schemes, different political approaches. But it is not for us to decide which solution is closest to optimal for each city. That is a choice for each one. But we are convinced that it is very very important to have an organising authority that is able to integrate the transport modes, integrate all the transport networks. Such a tool stands security for this stability. Personally, I am very happy that the city of Bucharest - where I have been very involved for 10 years and I always recommended creating an authority of that kind - has decided to join EMTA. It is a reason to congratulate us all together.

I will change to English, if I may. Answering your question, I do not know where you gathered this information; possibly it was from the press. However, it is clear that the Bank wants to develop any kind of solution, which deals with the sustainability of the environment. In this sense, we are working very closely with the European Commission. Obviously, we do not want to increase our loads to the private sector. We want to increase our loans for any kind of technology that helps in getting the objectives of reduction. This involves the 20% reduction of CO² by 2020 and obtaining 20% of energy sources from sustainable energies, which is the objective of the European Union.

In this sense, we have been working within the framework of the Green Paper. We have been trying to develop new ideas. Also, within the framework of the Covenant of Mayors, that you probably know, is a voluntary agreement taken by the mayors of around 100 cities in Europe. Most of them are represented here. They took the decision to sign this covenant and to achieve these objectives by 2020.

Within this Covenant of Mayors initiative, we have created different tools. Some relate directly to energy; I will not speak about them. Some others related specifically to urban transport. We have basically identified two lines. One is what we call the clean buses and the other one is what we call urban logistics. The bank has the intention of developing specifically dedicated financial instruments to help in the development of these two areas.

Concerning the clean buses, the idea is to protect the renewal of bus fleets using new technologies, namely hybrid buses, which is the most developed technology. The cost of



these buses takes into account not only the acquisition, but also the necessity of making some investments in the depots, training the drivers. It also may involve the acquisition of spare parts. There are a lot of different costs that are not really well-known at present. In principle, they will require bigger investments than standard buses.

Taking into account this fact, we want to develop a specific financial instrument that looks at the whole life of these assets, if possible through leasing ventures, the leasing of dedicated instruments. The idea is to promote the creation of leased vehicles and provide the capacity to buy clean buses and to operate them for a certain period of time. This could be 10-15 years, which would be for a standard bus. Of course, there still a lot of elements, which are unclear. In order to develop this instrument, we are working with the European Commission in order to start some studies just to define the exact characteristics of these instruments. They can be tailored to the exact needs of the citizens of the cities.

Then we have already prepared the first draft of what could be the terms of reference for launching the studies that should be carried out next year. The idea is to implement the first real projects, which are not projects, in 2010. I will use this opportunity to say that if some of you are interested in this initiative, you are very welcome. Just contact me or the Bank and we will try to develop these studies together. This is the idea, to conduct studies together with you. We are trying to mobilise the participation of the private sector in your cities, because we know that public funds are limited.

Alain MÉYÈRE

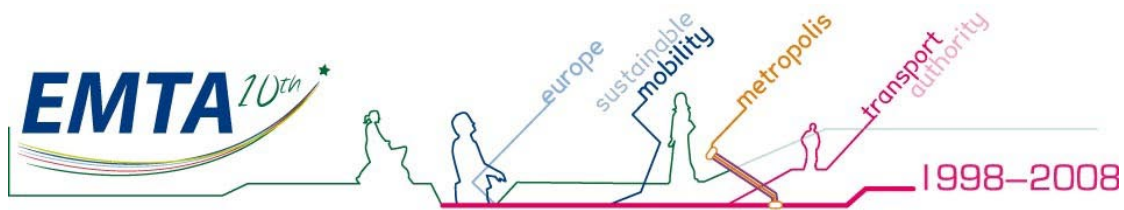
Thank you, Mr Aymerich. Mr Viegas, if you don't want to miss your plane, you have 3 minutes to help us come to some first conclusions.

Jose Manuel VIEGAS

Thank you, Mr President. I believe that the cab is due at 18:15, so I guess I'll even have 5 minutes.

Three notes.

The first note is that, from the start, financing needs depend upon a political decision on the levels of quality that our urban mobility systems are to offer our citizens. The targeted system level is not automatic. And all of us don't have the same wealth level,



so we must not all have the same target. And please consider that need for upgrade, but also need for network extension, may cause financing needs to rise.

So, if we want a solid vision of the financing needs, we first must address these two questions. As they deal with strategic decisions, political organs lead them.

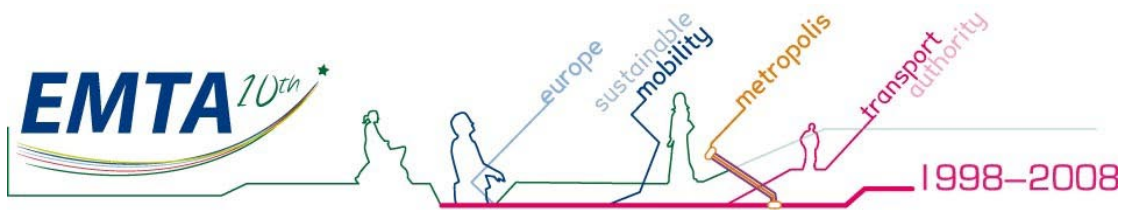
The second note is - as I previously said - that transportation policy issues, urban transport solutions and the quality of services must be considered for the system as a whole, including all modes. This implies that even financing schemes must be comprehensive and global.

This also implies that indirect beneficiaries also must contribute. Let me remind you that private cars indirectly benefit from a good public transport quality. Indeed, if nobody used public transport, the roads would be much more congested. So there, there is direct legitimacy to call for private car contribution.

Then we also have the land value capture issues. We have talked a lot about them here. And there, I believe that we must carefully distinguish two approaches. One is the punctual, one shot approach, because there is free and available land, etc. and from that point financing may proceed at investment. The other is the more or less continuous approach, year after year, that besides, as seen in the London case, even may contribute to investment. Indeed, it creates a stable stream of revenues against which loans can be made. As far as I am concerned, I am much more in favour of the continuous approach, because those who take up the space, even if only residential, use the value of accessibility on an every day basis.

I have a student preparing a thesis, who is about to conclude it and with whom we do calculations for Lisbon. What is the land value increase produced by being close to a metro station or to a metro station where two lines connect? And it is curious, because on average - the model calibration is particularly good, we are to publish within 4 months - for places located roughly up to 500 metres from a Lisbon metro station, there is a net land value increase of 4%, all other things remaining constant. If 2 lines connect there, there is a value increase of 10%. And we make a global calculation of what it could contribute, for instance of investing for all the metro infrastructure existing today, if we built it today at today's cost. And it is curious, because this gives us a value scale that is around 50%. So, it isn't all of it, but it can't be neglected either.

Starting from there, what I wish to say, is that most land value capture mechanisms already are correct from a tax point of view. They can give a contribution that isn't total, but that is significant. They must be included in the package and, as far as



possible, in the continuous version and not in the one-shot version. As I said already, the continuous version is much more correct.

Final note. When all this is seen against our society getting older, it stands clear to me that we shall be compelled to get a higher contribution from the clients. This is slightly contrary to what our English friend said. I am convinced that the clients will be brought to pay a higher share. As a matter of fact, it is an exercise that I often give my students: why should we pay all our nutrition costs, which are much more indispensable, and not all our travel costs?

And I am convinced that there is complete social justice in helping part of society to bear the cost of mobility, but certainly not in helping me. When I travel, it is unfair that I am subsidised and yet, I am. So there must be solutions to explore in the “means tested contribution” for users - to me, it is inevitable, we easily get to it from a statistic point of view - and that will also enforce a price increase of private car mobility, because we don't want this contribution to bring people to use even more their private cars. Generally speaking, what does that mean? Urban mobility will become more expensive. Why? Because we will have too high an activity density in our cities and public space will have become a very restricted goods. In a modern market mechanism, everything that is restricted must be more expensive. We must protect the weak. But I would say that it is unavoidable: we must call for prices closer to what it costs and only exceptionally take to subventions.

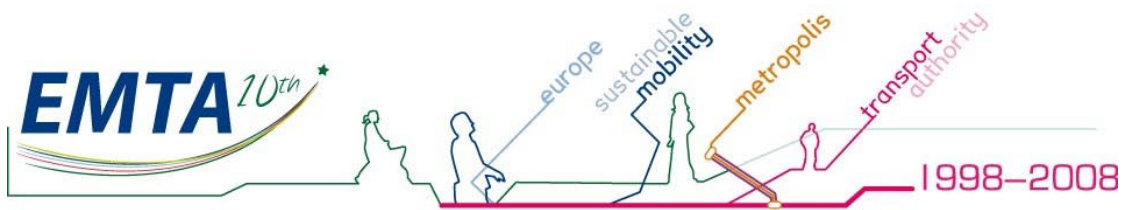
There, that's it. Thank you once again for inviting me and for listening to me. Good bye.

Alain MÉYÈRE

Thank you very much, Mr Jose Viegas.

This makes me regret that you can't stay till the end. For instance, we now are going to speak about an issue that certainly would have interested you, the PPP. But you will receive the review of the debate.

Let us now proceed to the second part of our round table. Controlling the financing does not only mean finding and increasing resources, but also spending better and in more efficient ways. Over the last decade, allocation procedures for public subsidies have evolved. Subsidies have lost their automatic character. Contracts between the organising authority and the transport operator are getting common and these contracts



take operator performance into account. Many organising authorities now have experienced this type of contracts.

Again I turn to Mr Hallgren to ask him to share his experience on these contracts. Indeed, it has been one of the first organising authorities to anticipate European regulation and implement this type of contracts. Would you say a couple of words on the quality incentives that this type of contracts contains? And have you achieved satisfaction using the quality indicators included in your contracts?

Lennart HALLGREN

It is true that Stockholm Transport was one of the first Public-Transport Authorities (PTA) to introduce competitive tendering. That was at the beginning of the 1990s. The contracts that were signed at that time focused only on cost reductions. We had a lot of financial problems at that time, so it was quite natural. Since the late 1990s, we have focused more on quality, but all the contracts that we have are still gross contracts, so they are focused on cost. However, to improve the quality of transport, we have included incentives in the tendering processes that have come after this. These are both demand incentives and quality incentives.

Demand incentives have been a little bit problematic, because you do not know whether the entity has done the things that you said. However, the quality incentives work fairly well. We need to learn much more, but we are implementing them gradually. To answer your question, we are optimistic about the combination of keeping the costs low and raising the quality incentives. In the new tenders and contracts that we are signing, we try to establish a base level of quality and that is a must for everyone who is interested in bidding for the service. If you perform above the base level, you can get bonuses and on the other side, there are penalties if you do not perform as we have decided or agreed upon, as the contract has two parties.

The intent is to focus on what the customers perceive most important. At the top is punctuality, so if you have got good punctuality, you have the possibility of getting a bonus, but if you do not, there are penalties, so there are reductions in reimbursement to the service provider. However, we also have other quality incentives, because the customers very much focus on whether the stations and vehicles are clean. If they are, there can be bonuses; if not, there are reductions or penalties. We have a broad scheme, but it differs a great deal between the contracts. We are optimistic that this is a good way to continue.



Alain MÉYÈRE

Thank you, Mr Hallgren.

On several occasions during this discussion, we have said that it makes sense for the organising authority to be interested not only in public transportation, but also to be interested in, and perhaps to control, and perhaps to decide on matters of road investment, matters of car traffic, etc.

That is so. However, as far as I am concerned, there is one subject that calls upon me, that interests me. It is the fact that many organising authorities for large cities have no authority on railways. Railways always underlie State authority. The question that comes to me, and I will ask this question either to Madrid or to London, that both are in that situation, is: "Isn't there a conflict between the priorities of the central State, that controls the suburban railways, and the priorities of the local authority, that on the other hand controls the subway, the buses, etc.? How do you deal with this? What do you do?"

Dionisio GONZALEZ

I will say something very similar to what Marc Garcia from Barcelona said. Maybe this is not the best forum for that, but in the case of the Madrid region, the National Government has spent nothing in the last century. It is very easy to coordinate with them; we invest and have the passengers. This is not good for the customer and creates a lot of difficulties. If we as a public transport authority would like to coordinate all the different services, all the different modes, etc, suburban railways is a clear part of this system and should be integrated. They should be integrated for fares, but also planning of services and planning of infrastructures etc.

That is why the Regional Government started the extension of this suburban-railway network two years ago. We have been asking the National Government for this investment for many years and it has not come, so the Regional Government took the decision to invest by itself. This also creates problems for the customer, because it involves another transfer within the same suburban railway line. I hope that in the future, these competencies will pass from the national transport authority to the regional transport authority. This system could really work as a system.



Alain MÉYÈRE

Mrs Cox, you probably are going to talk about the Overground project. It would be interesting if you could say something about it. And then, still on the same issue, I will ask Mrs Krautzberger to say a couple of words, as Berlin has a situation that is exactly the opposite. The Berlin Brandenburg organising authorities decide on the suburban railways in particular. So it is the opposite from what is done both in London and in Madrid, where the authorities don't control the suburban railways. First Mrs Cox.

Nicola COX

You are right. What we call 'heavy rail,' the suburban railway networks, are controlled primarily by Central Government in the UK, with a separate rail regulatory body that sits alongside them. It is true to say that it certainly does lead to a conflict of interest, particularly in terms of investment priority. Central Government tends to focus on inter-city services, fast trains between cities within the UK. It has not generally invested much in suburban routes in and out of London or equally in and out of cities around the UK.

This is actually compounded by the contracting framework for operations on the national rail network. Government lets short-term franchises of approximately 7.5 years. The private operators are primarily concerned with a profit motive, rather than making capital investment in the infrastructure. This is because it is unlikely that within those 7.5 years, they will see any valuable gain from that. TfL, the new Mayor and the previous Mayor have battled quite hard to actually take control of suburban rail services in London. In autumn 2007, TfL took control of the North London Railway, which is a suburban service that runs across the top of London.

Subsequently, TfL has made substantial investment in that system, with new trains, increased staff and higher frequencies. It has unified the ticketing system, so it is clear and uncomplicated for the customer. However, it also recognises that investments rest with TfL on a holistic basis. We are now seeking to join up the over-ground network with the Tube network and will continue to take further control of other suburban railway services in London going forward.

Maria KRAUZBERGER, Vice-Senator for Transport, Berlin

In Berlin, we are still gathering experience regarding the contracts we have. There are the State-owned railway companies, which run the suburban railways, the regional railways and the light railways. There are two different companies for these. We have



contracts with both of them and we also have a contract with our city company, which is running the metro, the trams and the buses. In all three companies, we have introduced rules, which are very similar. We have been controlling quality for some years now with the German Railway Company and with our city-owned company over the last year.

Our experience is that this is a very important instrument for improving quality. Right now, we are in discussions regarding the reduction of money for the light-rail system. We realised that there was a very strong decrease in quality standards and in punctuality. This gives us the possibility to act, so we think this is the right way, although we are still developing the system and the method. It is a new experience for all actors, all stakeholders in this field.

Alain MÉYÈRE

Thank you.

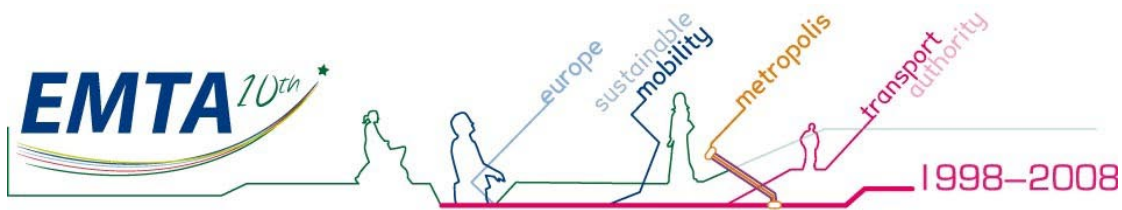
We are going to end with the last subject, the one bearing on PPP, partnership contracts. I have three questions.

I first will ask Mr Gonzales a question. Do the advantages offered by partnership contracts weigh up for the extra costs? Everybody knows that eventually, in comparison with more classical operations, partnership contracts have inherent extra costs. So, do the advantages compensate the extra costs?

I then have a question for Mrs Cox. Everybody has heard, everybody has read in the press that the first partnership contracts in which the partner remuneration was based not on traffic, but on performance, were the one used when refurbishing the London subway. And in the London subway case, as we heard last year, Metronet went bankrupt. We later heard that Tube-Lines had financial difficulties. From this experience, could Mrs Cox make recommendations on what precautions to take, if we ever decide to implement this type of partnership?

The last question will be to Mario Aymerich. With the present crisis, do you think that the private sector would be prepared to enter public private partnerships? Do you think that the risk the private sector must take today will make partnership contracts, that everybody has been praising up to now, harder and harder to pass?

First question, to Mr Gonzales.



Dionisio GONZALEZ

You asked whether the advantages balance the extra cost. In that case, I would ask for whom?. You are talking to the citizens of today, the citizens of the future, the politicians or the economists. It depends. As you already said, there are a lot of constraints and risks in this infrastructure. There are projects that are being developed under Public-Private Partnership (PPP) schemes, but I think we as public-transport authorities should focus on the service. We should focus on the user. I would reformulate the question to ask what do the citizens need. They are asking for different, high-quality services, not only for transport.

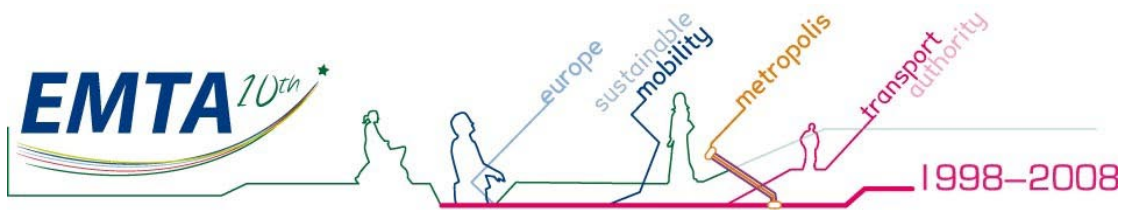
In my opinion, the advantages do balance out this extra cost, if they allow you to develop the services that are required by your citizens. They also apply if you have a very clear definition of requirements to the operator or the concessionary, etc. In addition, you have these quality indicators to regulate the profitability of the contract. I think this are the main guidelines for developing PPPs.

Emma COX

TfL's experience of public-private partnership contracts is mixed and I think your question to me referred to the Tube PPP contracts. They did not rely on transparent revenue or usage risk, but instead were based on availability and performance measures. I have not really got a straight answer on either of those, to be honest, because actually, TfL has found that even revenue-risk transfer has not worked for us.

Regarding revenue risk, this year we took back in-house, or had to buy out, a failed project called Croydon Tramlink. That project took revenue risk, but TfL and the Mayor retained control of fare policy. When we made changes to fare policy, the contractor, the private company, has no ability to manage their revenue stream. This was to the extent that that company was actually no longer financially viable after this year and we had to bring it back in-house. That did not work for us.

Instead, the Tube PPP was an extremely vast contract, for the infrastructure, upgrade, maintenance and renewal of the Tube network. I do not think anything had ever been seen before on that scale; it was worth about UKS32 million over a 30-year period. It was highly complicated, with assets that had been under-invested in for many years. There were three assets; two of them were controlled by a company called Metronet, the company that failed and went into administration last year. The third is managed by a company called Tube Lines. That company is still viable and still contracts with us today.



Metronet went into administration for many reasons, reasons to do with the contractual structure as well as reasons to do with their management of that contract. It was also a problem for reasons related to the public sector's management of that contract. I will outline the key lessons learned, because otherwise I could be here for a long time. The key lessons learned relate to the fact that it is very difficult to output-specify or performance-specify a contract on old civil assets where the condition is largely unknown. The asset condition of some of the deep Tube tunnels, which were built decades ago, was unknown at the time the contract was signed. Hence, the money that we paid them and that they raised in private finance was not sufficient to cover the costs; they significantly under-estimated the cost of the works.

In addition, the financial structure saw the private sector raise debt and some equity investment. The debt was 95% guaranteed by the public sector. It is actually arguable that there was any real risk transfer at all. Because of that, I think it was quite difficult for the lending group, which I will not speak on behalf of, because one of them is here. However, I think they found it very difficult to control the financial situation that Metronet got themselves into in terms of cost over-runs. They did not have the controls available to them. I do not think they were particularly well-incentivised, given that the public sector guaranteed their position, to monitor and control the behaviour of the management of the company.

Finally, I think that the key lesson to learn relates to the way the contract was structured. It was a 30-year contract, but there was a review period every 7.5 years. In a way, looking back now, this led to some rather perverse bidding behaviour. Some of the companies really wanted the contract, wanted it enough to perhaps bid low prices, knowing they could go back 7.5 years and have the contract repriced at that point in time. The cost to the public sector was never fixed to that extent; it became a cost-plus contract. This was a contract whereby the contractor could realise that they did not have enough money. They could go back to the public sector and effectively bid for more at that point without competitive tension at that point in time.

They are the key lessons that we have learned. That is not to say that the lessons from private-finance involvement in infrastructure investment in public transport in London have all been bad. Certainly, we have had some very good success stories on the Docklands Light Railway (DLR) project. TfL now view the use of Public-Private Partnership contracts or Private Finance Initiative Contracts in a very clear way. That is that they are best suited to projects where the assets are quite discrete. In an extension, for example, the asset condition is known. There is a clear building programme and at the point of contracting, we clearly specify either inputs or outputs, whichever the case may be. Actual private money is really put at risk to some extent.



Alain MÉYÈRE

Thank you for this learning from experience.

Mr Aymerich, do you believe that the private sector is ready to get engaged in PPP today, with the present crisis?

Mario AYMERICH

The most common error is that both sectors forget the last word is partnership.

You should measure the risk carefully.

I would like to make some comments on the London PPP project, because I was directly involved in this project and the bank was involved in this project. Referring to PPP in general, the most common error is that both sectors forget the last word, partnership. We do not prejudice; we do not take decisions on whether it is better to finance a certain project through a PPP or through the public sector or whatever. We finance a lot of projects in both cases. We have financed a lot of successful PPPs like Tramways in Barcelona, the DLR and many other projects. We have also financed many disastrous PPP projects like the London PPP.

We could speak for hours about this project. However, I would like to emphasise that the most relevant problem was that both parts, or indeed all the parts involved, because there were more than two, forgot the partnership. This is very important. To answer your question of whether the private sector is interested in financing, I would say that now, within this crisis situation, everybody is interested in getting finance from our side, from the bank. This year has been absolutely crazy. We received demands from everybody. Whether private or public, everybody is interested in getting our money for financing.

I cannot speak on behalf of the private sector or the public sector, but the problem is that there is a real need for money and I insist again that we do not have any privileged choice. However, it is clear that our intention is to help in the development of sustainable public-transport projects. Whether our loan goes to the public or the private sector; we do not mind. On the other hand, finally, referring to PPPs, it is also the intention of the bank not only to increase our loans in this sector, but also to take more risks.



For many years, the bank has been criticised because we did not take a risk. The intention now is to take more risks and in the case of PPPs, there are two basic kinds of risks. One is the risk during the operation, which is linked to the revenues, the traffic and so on. However, this is more or less a smooth risk, because it is taken over a long period of time. Meanwhile, we consider that the risk is much more important during the construction period. We are now taking this risk in some projects. For this reason, it is very important that the promoters analyse the risk very, very carefully. This is not only from the financial standpoint, but relates to the construction period. It is also from the technical standpoint and from the social standpoint. We have seen projects that did not have major problems during construction, but affected the population in a strong way.

This risk, particularly in urban areas, is very important. Obviously, it is very difficult to measure, but if it is not taken into account, unfortunately projects usually have problems, or fall into problems. Our recommendation, if I can make one, is to look very carefully at the risk from the different perspectives. If the risk is properly-measured and mitigation and compensation measures are well-defined, we are ready to accept this kind of risk.

Alain MÉYÈRE

Thank you, Mr Aymerich. Time has passed quickly and I don't know if we'll have time to let the auditorium speak. So in your name I thank every round table participant. I then let Sophie Mougard speak. She is general director for the STIF and will draw the conclusions from this afternoon.



Conclusion

Sophie MOUGARD,

**Managing director of the STIF,
the organising authority for public transport in Ile-de-France**

Thank you. Very short conclusion. I first wish to thank the Regional Council that has hosted us here. Then, I naturally thank all the participants for the very rich debates during our afternoon together.

We have seen that the stakes are important, as some 80 to 90% of the population will live in our big cities around 2020. These challenges must be taken up by our organising authorities. They are considerable. They are at the heart of our fellow citizens' daily preoccupation, but also at the heart of the preoccupation we might have concerning our future and the world we'll leave our children.

How can we develop conditions for a sustainable urban mobility?

In the course of the debates, we have dealt with our governing bodies. Each of them has its proper history. Some are young, other are older. See Berlin Brandenburg, see the Greater London, and see the STIF for Ile-de-France, they all possess the advantage to be in charge of organising, planning and financing public transportation beyond the city borders, on the entire metropolitan scale; and we have seen, this afternoon, that other organising authorities also wish broader competences to be efficient.

Also it has been well pointed out that the link between urban planning and public transport is indisputable. To my opinion, this link gives full legitimacy to our politicians, who are in charge of decentralisation. The experience and expertise of the authorities that organise transport make us key actors for implementing sustainable urban mobility.

However the main point is that the European actors, the "European couple" as mentioned before, represented here today by Elena Kopanezou and Gilles Savary - and let me thank them for being here - in acknowledging indeed the pre-eminent role we organising authority play, and respecting as much as we do the subsidiarity principle, understand that organising authorities at local level do need the support of the "European couple" and shouldn't be deprived of it.



Most of us, organising authorities after consulting with the public and the users, have thought, have elaborated mobility plans, which are in line with the stakes of fighting climate change, within 2020.

Estimates are 8,5 milliards in Brussels, 26 milliards in Madrid, 46 milliards in London, 28 milliards for Ile-de-France etc, not even mentioning operating costs. Today we have explored different paths and studied the different possible financing tools and sometimes regulation tools such as tolls against road congestion.

I really wish to thank all the speakers, who have embodied the spirit of EMTA mentioned by Hannu Penttilä this morning, thank you for the sincerity of your statements, notably concerning the limits that can be found and the drawbacks encountered when using the PPPs. That absolutely is the right spirit for our kind of work.

Today, I think we might send a message on European level and ask [the European couple] to act beyond just supporting EMTA good practices and backing us, to act further on a wider European scale.

We want to stress that we have reached a turning point, and that we really need the European Commission and the European Parliament to elicit Member States to engage into a financial programme that would level the ambitious infrastructure projects necessary to fight global warming. It is important that the "European couple" alert central governments on the emergency of the situation and the dealines, and act as an eminent relay of our concerns. In doing this it would rally the support of all EMTA members. As was said this morning, the door has been opened ajar, as was said this morning. We shall see to that it never closes again.

The last point I wish to make, if Hannu Penttilä allows me to do so as vice president of EMTA, is to stress the important encouragements that different speakers today have given the EMTA structure itself. EMTA started 10 years ago with exchange of experience between professionals. Some might call us "technos". Yet, we can be proud of being "technos" when we are hands on the engine or in the grease. I think that this afternoon's exchange encourages us to reinforce our lobbying action to get heard. I believe that we shall carry our fellow citizens' stakes right to the heart of Europe's concerns.

Thank you.

Just let me say that we'll have the pleasure to meet Jean-Paul Huchon again for dinner tonight.