



↑ **CAPRICE project**

February 2010

The example of the French tax “Versement Transport”: a key resource of public transport funding in Ile de-France

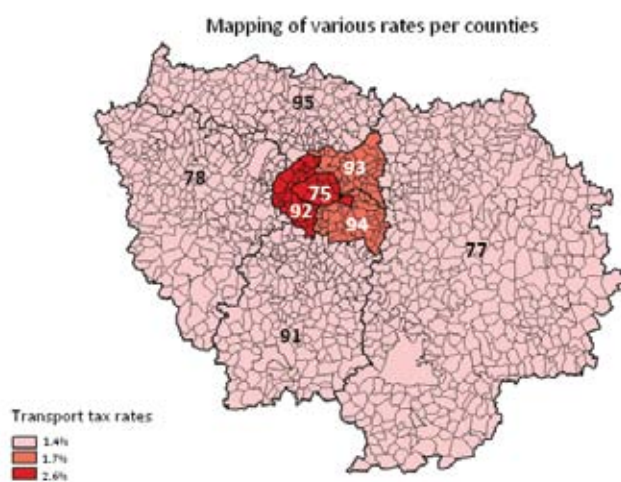


In Ile de France, public passenger transport has cost about € 8.5 billion (cost of operations + investments) in 2008. Funding for transport is provided by users (through ticketing), companies (through the transport tax), the region of Ile de France, the city of Paris and other counties of Ile de France (through the public contributions), the French government (through the subsidy allocated to school transport). The so-called “Versement transport” (Transport tax) represents one of the major resources to finance public transport in Ile-de-France as well as a very important revenue in STIF budget.

The legislative framework of the transport tax

The transport tax is a tax calculated on wages. It was created by a French act in 1971. The tax rate applicable to companies is defined by the Board of STIF within the limit of the maximum rate set by the law. A French decree adopted in 2003 sets ceiling rates since 1st January 2004. The rate depends on the county of the Paris metropolitan area where employees work:

- 2.6% for Paris (75) and Hauts de Seine (92) = western inner suburbs
- 1.7% for Seine Saint Denis (93) and Val de Marne (94) = eastern inner suburbs
- 1.4% for other counties of Ile de France (Seine et Marne-77, Yvelines-78, Essonne-91 and Val d’Oise-95) = outer suburbs



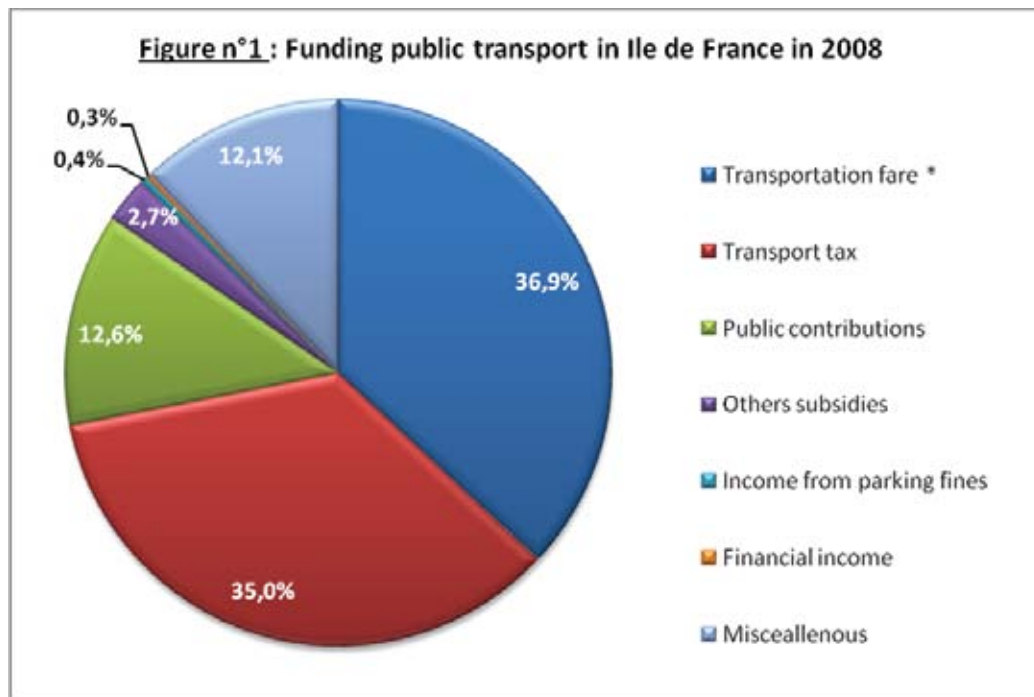
Every company employing more than 9 people in Ile de France has to pay the transport tax. A digressive system is applied to companies whose staff number grows over 9 employees: they pay nothing during the first three years and the three following years this amount is reduced by 75%, 50% and then 25%.

In the same way as all social taxes on wages levied by the French government, the transport tax is collected and returned to the transport authorities by URSSAF (external public bodies that recover social security contributions). URSSAF retain 1% of tax income for the retribution of this service (almost € 29 m in 2008).

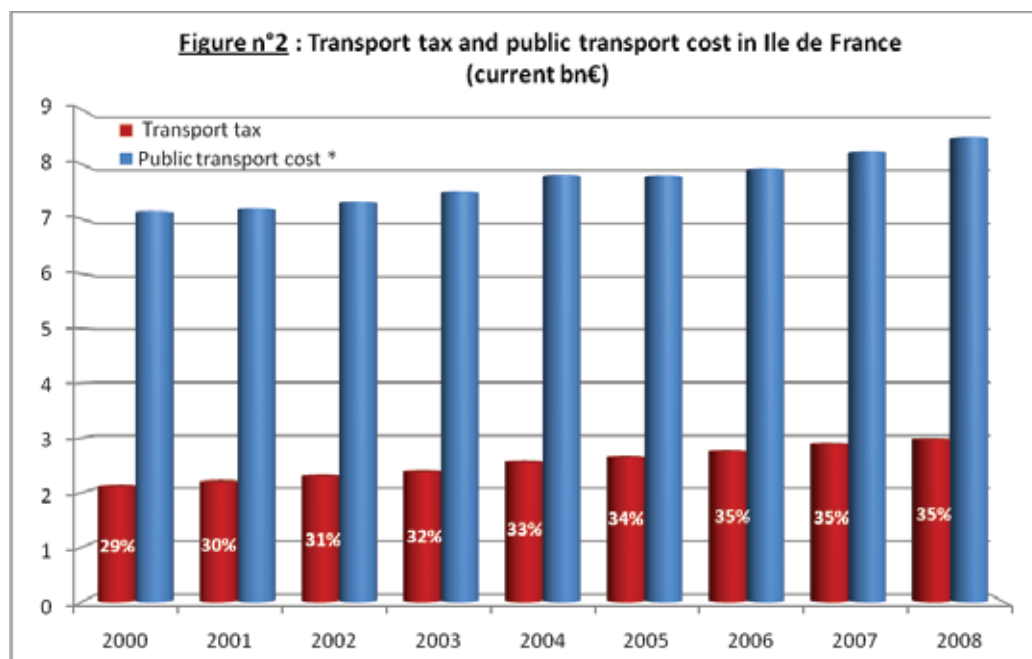
After collecting, payment is reimbursed by STIF to companies that:

- provide permanent accommodation to their employees on worksite,
- provide themselves their employees with transport to and from the workplace,
- are located in "new towns" (currently 2 in Ile de France).

For the year 2008, the refunds totalled € 54 million. The transport tax in the funding public transport in Ile de France. Transport tax is one of the main incomes to finance public transport in Ile de France, but it covers only 35% of total public transport cost (cost of operations + investments) in 2008.



*Cost of operations and investments.



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The transport tax in STIF budget

STIF budget reached € 4.43 billion in 2008. The sources of income were essentially of three natures:

- 1) transport tax: € 2.971 billion (67% of STIF budget),
- 2) public contributions and subsidies:
 - from STIF members according to STIF statutes (region and all counties of Ile de France): € 1.074 billion (24% of STIF budget),
 - from French government to school transport: € 127 million (3% of STIF budget),
 - from region of Ile de France to social fares: € 101 million (2% of STIF budget),
 - from French government and region of Ile de France (CPER, Agreement of plan): € 1.2 million.
- 3) income from parking fines: € 36 million (1% of STIF budget).

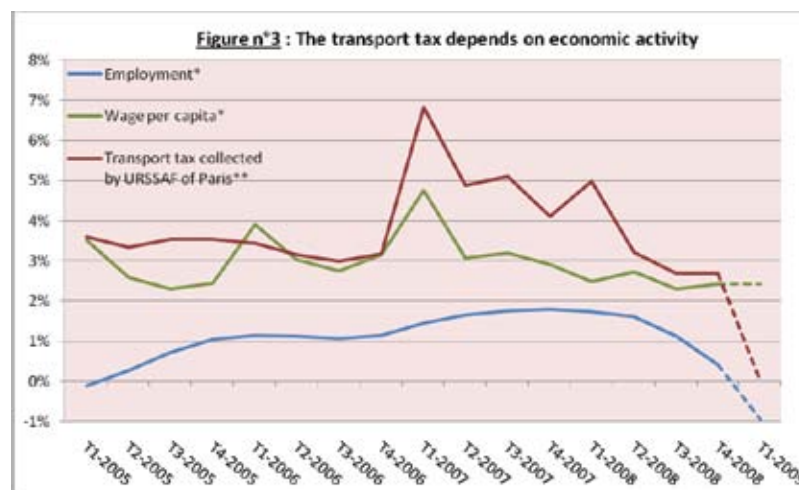
The amount of transport tax collected in Ile de France is dedicated to finance regional public transport. It allows the funding of every kind of expenses (both cost of operations and investments) as well as the contributions of STIF members.

The total amount of the public contributions is decided by the Board of STIF every year and this sum is shared between members according to STIF statutes (51% for the region of Ile de France, 30.38% for the city of Paris and the rest for other counties of Ile de France).

The income from parking fines attributed to STIF accounts for 50% of all fines collected in Ile de France whereas the rest is allocated to the region and municipalities. That income is used for investments in quality of service and renovation of rolling stock.

Limits of the transport tax

On the one hand, as the transport tax is STIF's main income, it must be forecast precisely in order to elaborate STIF budget at best. One method is to base the forecast on expected economic growth (GDP) and expected inflation. Indeed, this resource is highly correlated to economic activity. During periods of expansion, it is a dynamic source of income, but in times of economic recession, this resource shrinks.



* Source: ACOSS (central agency of URSSAF), Perimeter: private competitive sector in Ile de France.

** Source: URSSAF of Paris (it collects more than 70% of the transport tax in Ile de France). Perimeter:

private sector and a part of public sector in Ile de France.

On the other hand, STIF is not allowed to increase rates above the maximum set by the law. The current rates are at the highest level since 1st January 2004. However, STIF has claimed on higher rates to finance new investments in public transportation in Ile de France.

First CAPRICE workshop in Lithuania on organisation and management of public transport



The first CAPRICE workshop took place in Vilnius (Lithuania) from 3rd to 5th June 2009. It was the occasion for the partners coming from five different countries (France, Germany, Poland, Romania, and Lithuania) to work and exchange on legal framework, organisation and financing of public transport services, infrastructure and management.

All the participants took the opportunity to explain the functioning of the body they represented. Among the main points, we may notice:

Vilnius region: electronic ticketing, traffic control and the introduction of a congestion charge are some of the most relevant elements of activity. Public bus services are operated by an in-house operator whereas private mini-buses have concession, which allows them to operate the route. Tendering procedures are not very common for bus services. Social fares are decided by the national government but compensation for these is missing. Recently, early morning and night public transport services had to be cut due to the financial crisis and the ticket fares have increased accordingly.



Bucharest region: the metro is operated by a state-owned company whereas the other modes of transport (bus, tram and trolley-bus) are the responsibility of the city. A first approach has been taken to introduce seasonal tickets but this is not yet effective. Buses and metro have a very modern fleet. Soon it might be the case for the tram system, too. Social fares are available as well as electronic ticketing.

Warsaw region: the responsibility of the organising authority ZTM for public transport is limited to the territory whereas passengers' flows are not, hence several contractual agreements with neighbouring authorities. Around one fourth of the services are tendered in Warsaw but this applies only to buses. The payment by the city to the operator is controlled by an auditor on a yearly base.





Paris / Ile-de-France region: STIF runs contracts with RATP (Metro, tram, buses in Paris and inner suburbs) and SNCF Transilien (regional trains) which are two state-owned companies. The contracts stipulate the need to provide a certain level of service, meet quality requirements as well as a bonus-malus system. Other contracts exist with 75 private bus companies operating in the outer ring of the region. It will soon run out and lead to the negotiation of a new generation of contract. In accordance with the European Public Service Obligation Regulation, competition has to be organised. The main source of financing in Ile-de-France comes from the transport tax which is paid by every company with more than 9 employees. That specific tax represents about 40% of STIF budget. Parking fines are used to finance quality investments in public transport.

Berlin Brandenburg region: the organisation of the railways was reformed in 1994 and had to be adapted to the European PSO regulation. The experience of VBB in the tendering of rail services has been very useful to adapt the city transport. There are contracts with the regional operator division of Deutsche Bahn (DB Regio) and with private operators. VBB has no influence on the owner of the infrastructure (DB Netze), which currently causes some problems. Bus, metro and tram services are mainly operated by public operators on the basis of concessions and service contracts, which are directly awarded.



On the one hand, the results of this first CAPRICE workshop were about the organisation and the financing of public transport, and especially:

- The legal structures of the different areas are more or less established (or in the process)
- The organisational limitations being related to city boundaries or to special modes (Vilnius, Bucharest, partly Warsaw) cause problems as they do not take the passengers' flows into account; Paris, Warsaw and Berlin benefit from integrated approaches
- There is a need for integration of public and private operators (Warsaw, Vilnius, Bucharest)
- The matter of the implementation of integrated public transport associations was raised, leading to another possible topic for further discussion

On the other hand, the discussions about financing have lead to other results such as follows:

- As a public service, public transport needs sufficient funding
- Different approaches enable to reduce costs of public transport through tendering or within direct awarded contracts
- Flexible arrangements with operators with possible adaptation to the current financial situation of the city (Bucharest, Vilnius) are needed
- Political decisions with financial implications (e.g.: social fares) implies compensation
- Public transport tax is seen as an efficient funding instrument and might serve as a recommendation to EU in order to support public transport taxes

The meeting in Vilnius was also dedicated to the presentation of the work that had been carried out for component 2 (communication) and component 4. The latter was explained by VBB consisting of a partnership between Berlin and Warsaw aiming at the extension of VBB's travel planner to Warsaw. At the end of the meeting, the partners made an appointment for the second CAPRICE workshop about tendering to be held in Warsaw from 14th to 16th September 2009.

Transfer of knowledge and good practices between Berlin and Warsaw

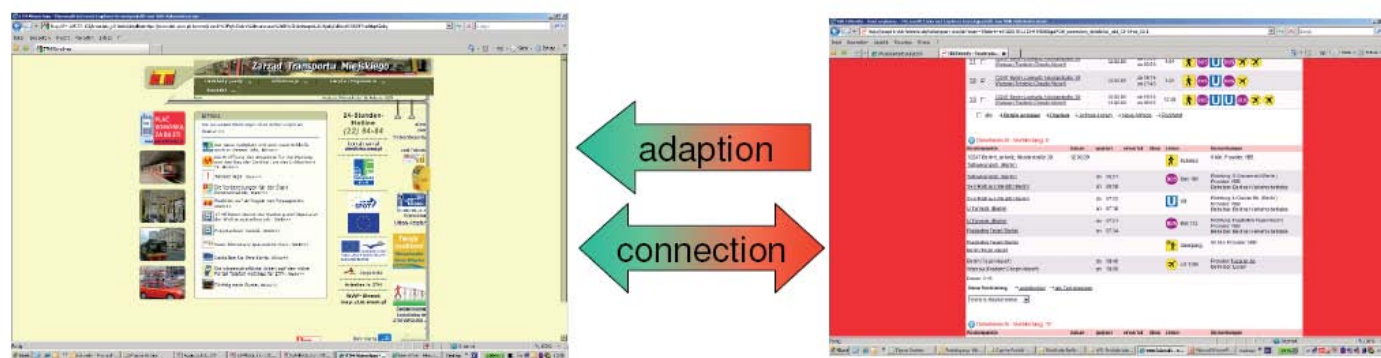


CAPRICE's Component 4 is dedicated to the transfer of knowledge. Therefore, VBB-Berlin and ZTM-Warsaw partners started working together in the field of passenger information services. As a result, ZTM will provide a small scale implementation of a pilot consisting of some selected components of VBB Fahrinfo as well as an integration of the European network EU-Spirit.

Passengers who like to travel from Berlin to Warsaw nowadays need to search for travel information on three different web sites. They have to look separately for train or flight information between the two cities and must also consult timetables for public transportation within both cities in order to reach the train or flight. A more user-friendly solution shall be implemented as pilot application within the CAPRICE project.

VBB offers the travel information system "HAFAS" (by HaCon GmbH, Hanover) to its passengers and named it "VBB-Fahrinfo". VBB-Fahrinfo provides a great variety of functions which obtains great acceptance in Berlin and Brandenburg. This includes door-to-door travel information on regional (VBB-Fahrinfo), national (DELFI) and international (EU-Spirit) level as well as travel recommendations based on real time data delivered by all VBB transport companies and information services for mobile devices online and offline.

Beside exchanging experiences within thematic workshops (component 3), another primary objective of CAPRICE is to "transfer knowledge and good practice" within component 4.

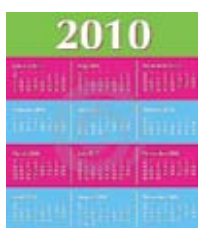


One thematic priority within component 4 is that VBB transfers its knowledge to the project partner ZTM. Therefore, VBB and ZTM started working together in the field of passenger information services. As a result, ZTM Warsaw will provide a small scale implementation of a pilot that consists of some

selected components of VBB-Fahrinfo as well as an integration of the European network EU-Spirit.

As an outcome of the bilateral project work, a travel information system shall be provided for the Warsaw region. The pilot shall be operating during 2010 and include door-to-door travel information for all means of public transport according to the VBB-Fahrinfo. By integrating EU-Spirit, travel information between Warsaw and Berlin will be available as well. Thus, the calculation of a route from an address in Berlin to an address in Warsaw and vice versa is possible. This would include public transport information within Berlin and Warsaw as well as information on flights or long-distance rail between the cities.

European events & meetings 2010



A large series of events related to public transport in urban areas is regularly organised by different networks and associations at European and international level such as EMTA, Polis, Civitas, Eurocities, UITP and CODATU.

EMTA

- 15-16 April 2010: Spring General Meeting, Budapest (Hungary)
- 30th September & 1st October 2010: Board meeting, Brussels (Belgium)
- 11-12 November 2010: Autumn General Meeting, Barcelona (Spain)

For more information: www.emta.com

POLIS

- 11-12 February 2010: Polis Working Group meeting on Freight together with the city of Gothenburg and in coordination with a CIVITAS CATALIST workshop on the same topic, Brussels (Belgium)
- 17-18 February 2010: Joint CATCH Interest Group and Polis Environmental & Health Working Group Meeting about Climate Change & Travel Behaviour, Brussels (Belgium)
- 26-27 February 2010: PRESTO (Promoting cycling for everyone as a daily transport mode) Project training session 'Improving Cycling Culture in Cities', international Workshop in Tczew (Poland)

For more information: www.polis-online.org

EUROCITIES

- 2-4 March 2010: Mobility forum meeting on 'How to finance urban mobility in the future?', Munich (Germany)
- 5-7 May 2010: ECOMM / European Conference on Mobility Management 'Moving people - Bridging spaces', Graz (Austria)
- 19-21 May 2010: 6th European Sustainable Cities & Towns Conference 'Delivering sustainable cities and the local leadership challenge', Dunkerque (France)

For more information: www.eurocities.eu



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European events & meetings 2010

UITP

- 24-26 February 2010: IT-TRANS / IT Solutions for Public Transport, Karlsruhe (Germany)
- 22-23 April 2010: Contracting for better Public Transport, Bologna (Italy)
- 4-5 May 2010: UITP Interoperable Fare Management (IFM) Forum, Leeds (United Kingdom)
- 7 June 2010: Joint EU Committee of UITP & Union des Transports Publics et Ferroviaires (UTP-France) Conference about the current situation of the application of the Public Service Obligations regulation, Paris (France)
- 9-11 June 2010: 6th International Bus Conference & Study Tour on Fuelling Public Transport, Lyon (France). Pre-Conference Study Tour 5-9 June 2010 in London, Lille, Paris and Lyon
- 12 June 2010: Trolleybus Workshop in Lyon (France) in conjunction with the 6th International Bus Conference taking place on 9-10 June 2010 in Lyon (France)

For more information: www.uitp.org

CODATU

- 24-26 February 2010: Make IT work for public transport, Karlsruhe (Germany)
- 2-6 March 2010: SOLUTRANS, 1st World Week on road and urban transport, Lyon-Eurexpo (France)
- 18-19 May 2010: 18th Transport & Air pollution Conference, Zurich (Switzerland)
- 7-10 June 2010: Transport Research Arena – Europe 2010, Brussels (Belgium)
- 8-10 June 2010: International public, rail transports and mobility decision-makers tradeshow, Paris-Porte de Versailles (France)
- 11-15 July 2010: 12th World Conference on Transport Research, Lisbon (Portugal)

For more information: www.codatu.org



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