Financing Urban Public Transport in France

« Out-of-Fare-Box » solutions relying on indirect beneficiaries

Thierry Gouin
Urban Transport in France

- Bus with a High Level of Service
- Tramway
- Shared bicycles
- Shared cars
- Metro
- Pedestrian zones
Urban Public Transport in France

- How much does it cost?
- About 9 b€/year for Paris Area + 7 b€/year for the rest of the country
- Construction (cost/km infrastructure)
- Operation (cost/passenger)

16.5 billion €
Funding for public transport

1. Direct Beneficiaries
   - Users of Public transport
   - Users of individual modes

2. Indirect Beneficiaries
   - Property owners
   - Shops and businesses
   - Employers

3. Sources of Funding
   - Taxpayers
   - Banks and funding agencies
   - Loans and grants

Allocations

Urban transport budget

Investment

Operation
How to finance?

16.5 billion €

30% Public Funds

40% Indirect beneficiaries

30% Direct beneficiaries

Promoters
Land owners

Car drivers

Companies
Opt.1 / Capture of added land value

- Indirect beneficiaries = land owners and promoters
- Grenelle of Environment > Legal framework tentative
- 2 laws: « Grand Paris » / General Case
- Principles and Difficulties met
- Finally cancelled
- Today: the « cooperation » way

Grenelle 2 / 12 July 2010 / Art. 64
Grand Paris / 3 June 2010 / Art. 10
Coordination of Town & Transport Planning

- The « Contrat d’axe » experience
- Grenoble / Tramway
- A win-win partnership between city and transport for a better global efficiency
- Partners: Metropolitan Transport Authority, Municipalities, Town Planning Agency
- More density around tramway stations, better public space, travel on foot and bicycle facilitated
- Financial resources for municipalities with objectives to be reached
- A « negotiated » City
Opt.2 / Urban Congestion Charge

- Indirect beneficiaries = car drivers and owners
- Grenelle of Environment
  - Need for travel demand regulation
  - Need for financing
  - London, Oslo...
- Law allowing French cities to experiment Congestion Charge
- Principles and Difficulties met
- No experiment till today

*Law Grenelle 2 / 12.07.2010 / Art. 65*
Opt.2 / Car parking

- Indirect beneficiaries = car drivers and owners
- Car parking perceived as a strong levy for modal split towards sustainable transport modes
  Individual use of car > walking, cycling, public transport, shared use of car
- Law of decentralisation of car parking policies: fees and fines are collected by local authorities and can be used to finance public transport

*Law MAPTAM / 27.01.2014 / Art. 63*
Opt.3 / « Versement Transport »

- Indirect beneficiaries
  = companies
- A Transport Tax created in the 1970’s
  - Public and Companies of more than 11 employees
  - From 0.55 to 2% of the wages of the company
  - A virtuous tax: everybody knows where the money goes
- About 40% of the financing of Urban Public Transport in France today
- What future?
Evolution du nombre d’AOM ayant instauré le versement transport depuis 1973

Number of cities having implemented VT between 1973 and 2013

Source: GAFT
Opt.3 / « Versement Transport »

Évolution du financement (hors emprunt) depuis 2006

En millions d’euros 2013

France / Out of Paris Area

Public Funds

Indirect beneficiaries

Direct beneficiaries
How to finance?

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Land owners

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Companies

VT
Other options?

- Direct Beneficiaries / Users / Fares
  - Economical efficiency vs Social efficiency
- Public Funds
  - Local: 20 to 30% of financing on Urban Public Transport
  - National: Grenelle Calls for tenders
  - Pressure on Public Debt
- Before trying to find new resources, the priority should be given to reducing and optimising expenses
Thank you for your attention

Thierry Gouin