



**CONSULTATION ON THE EUROPEAN COMMISSION
COMMUNICATION: A Sustainable Future for Transport: Towards an
Integrated, Technology-Led and User-Friendly System**

RESPONSE FROM THE EUROPEAN PASSENGERS' FEDERATION

1. The European Passengers' Federation (EPF) is an association of passenger organisations from throughout Europe. These organisations, of which there are thirty, are based in sixteen EU member states and in Switzerland. Collectively, they cover more than three quarters of the population of the enlarged EU.
2. EPF's purpose is to further the interests of passengers at the European level. It is particularly concerned with the advancement of passengers' rights and with the promotion of sustainable mobility. EPF seeks to work constructively with operators and decision-makers. It is committed to improving standards on all modes of public transport in Europe.
3. EPF welcomes many of the ideas in the Communication from the Commission¹ (COM (2009) 179/4 "***A Sustainable Future for Transport: Towards an integrated, technology-led and user friendly system.*** We welcome its recognition that transport is an essential component of the European economy but we would have welcomed greater emphasis on the role of public transport in mitigating its impact on the environment and in promoting social cohesion. Sustainable growth depends on ensuring that economic growth can not only be sustained within environmental limits, but that it enhances the environment and social welfare. EU policy can play a vital role in ensuring that transport promotes rather than inhibits sustainable growth
4. We are inclined to agree with the Swedish Presidency that the Lisbon Agenda has failed². The EU has still to live up to its multi-faceted aim of making the Union "the most dynamic and competitive knowledge-based economy in the

world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010"³.

EPF would welcome greater emphasis on the potential role of public transport in assisting sustainable economic growth and mitigating the effect of transport on the environment and in promoting social cohesion.

5. **The Challenge Facing Transport Policy:** The current recession has heightened the challenge of realising the Lisbon Agenda: to ensure that growth is achieved in a way that can be sustained, respecting the environment and promoting greater social cohesion. We note that the Commission recognises that the European transport system is still “not on a sustainable path”⁴. Public transport can play a decisive role in correcting these short-comings. The EU should initiate actions to drive forward the necessary changes.
6. The Communication on which the Commission is now consulting highlights the results of its research⁵ demonstrating that bus and rail are the sectors with which consumers are least satisfied and about which they complain a lot. This is of particular significance. First, it reflects the extent of current dissatisfaction with these two important aspects of public service provision; the survey covered 11 services of general interest across 25 states. Secondly, the research demonstrates the value of objective measures of consumer satisfaction to inform policy making. We wish to see greater use made of user satisfaction metrics in future.

The extent of user dissatisfaction should be a matter of serious concern. Satisfaction metrics should be used to inform policy.

7. **The Key Policy Options:** EPF is pleased by the Commission’s acknowledgement in the title of the Communication that user-friendliness is integral to a sustainable transport system. We would have been even more pleased had this been given priority over the other two factors – integration and technology. This is because we believe that the needs of users (which includes both those making use of a service directly and of society more widely) are paramount in the developing modern transport systems. A step-change in quality is required if we are to realise the potential contribution of public transport to sustainable economic growth.
8. Public transport is one of the public interest services that governments organise for its citizens. This is because public transport is, by definition, a public good. In the language of the economist, it is both non-rivalled and non-excludable: its use by one person does not exclude its use by others. It can also bring benefits

to those who are not directly involved in making use of it: simplistically, every person on public transport is another car off the road thereby reducing congestion, environmental damage, accidents etc. The case for government involvement in public transport provision is driven by another consideration: the challenge of market failure. The production and distribution of public goods cannot depend entirely on the market mechanism: it doesn't work satisfactorily for public goods, especially those like transport which are associated with large external costs and benefits. Intervention is necessary where there is market failure – where the market mechanism fails to deliver a truly competitive economy that is also consistent with the social and environmental objectives implicit in sustainable economic growth. Citizens expect well-defined public services from their governments. They expect intervention to ensure that public services are delivered in a way that reflects the EU's commitments to social cohesion and respect for the environment.

Public intervention is required if the necessary step-change in the quality of public transport is to be delivered

9. **The Commission's Role:** The Commission has a unique role to play in providing a coherent policy framework for sustainable economic growth in the single market. Such a framework enables local administrations to concentrate on delivery in accordance with a set of minimum requirements and in a way that it open to innovation and is accountable and transparent to both users and tax-payers. This means that there should be provision for the collection and dissemination of objective data to enable comparisons to be made at European level, encouraging continuing pursuit of best practice. Objective comparative measures of user satisfaction have a key role to play. Market opening is not an end in itself: it requires constant monitoring to ensure that, in addition to wider choice and lower prices, it delivers higher levels of satisfaction.

Market opening is not an end in itself: it is justified if it delivers higher levels of user satisfaction.

10. **Trends and challenges:** EPF considers that the Commission has successfully identified some key trends and challenges for transport. It endorses recognition of the need to satisfy the rising demand for 'accessibility' in the context of growing sustainability concerns. We think that this section of the communication might have been strengthened by brief exploration of the policy implications of the trends and challenges – the "*so what?*". For example,
- An ageing society is likely to demand both an increase in the provision of public transport and a step-change in its accessibility and attractiveness;

this goes rather further that “the provision of transport services involving a high level of perceived security and reliability”.

- Net migration to the EU is like to involve a significant expansion of the number of people who, at least initially, exist at the margins of acceptable welfare, face social exclusion and who are generally more vulnerable: access to good public transport and an effective system of consumer protection is important in promoting social cohesion.
- While the impact of particulates and CO₂ emissions on people’s health and on climate change is of such over-riding concern that it may lead to ameliorative measures (such as low carbon vehicles), the impact of the increasing demand for transport on congestion and land use is a concern that can only be tackled through a reduction in the need to travel or through greater use of public transport or both.
- The prospect of increasing scarcity of fossil fuels has already started to generate significant investment in R&D by the automotive and aeronautical industries: it is important that public transport technologies should also be the focus for major R&D investment, particularly given the long equipment replacement cycles associated with the rail and maritime sectors.
- The Communication correctly identifies continuing urbanisation as a trend and challenge for transport: again this is not just a question of congestion but of land use and the implications of urban sprawl for spatial planning and public transport provision.
- Finally, the global trends affecting European transport policy – not least the impact of increased affluence on the demand for greater mobility – needs to be tackled proactively through the development of technologies and policy strategies that encourage less reliance on personal transport.

The greatest challenge is surely how to ensure that public transport can be provided in a way that enables the potential impact of these challenges on sustainable economic growth to be mitigated.

The Communication would be strengthened if it spelt out the implications of the trends and challenges that it identifies: it should answer the question “so what?”.

11. Policy Objectives: We concur with the policy objectives identified in the paper. However further consideration needs to be taken in to account -

whether in its own right or as a consequence - of the objective that prices need to reflect all the costs actually caused by the users. We are concerned that adequate mechanisms should be available to ensure that the price charged to users reflects public policy considerations particularly where there is market failure. Theoretical under-supply is an inherent problem in the supply of public goods such as public transport provision: the cost of providing a public transport vehicle to convey one hundred passengers is much the same as the cost of conveying just one person. The market mechanism may not be capable of optimising resources in relation to public transport. Likewise while the internalisation of external costs may optimise infrastructure provision, there is no such thing as a free market for infrastructure capacity. Social cost benefit assessment is a better tool for this purpose: it allows evaluation of all internal and external costs and benefits. Projects that increase welfare (i.e. more social benefits than costs) can then be realised. In this context all costs are marginal. The EU needs to establish common appraisal methodologies to ensure a level playing field for public investment throughout the European market.

Appraisal methodology needs to address the problem of market failure in relation to the supply of 'public goods' like transport infrastructure and public transport

12. Policy Instruments:

- **Quality transport that is safe and secure:** EPF strongly endorses the concept that the optimal functioning of the transport system requires full integration and interoperability together with an improvement in the overall quality of transport.

EPF also considers that there is considerable scope for the EU to provide seed-corning investment in technology to support public transport users. For example, modal shift to sustainable public transport and the European knowledge-base would both benefit from the development of a binding specification for a universal smart-card interface. This could be used on all modes of public transport throughout Europe. Likewise, an easily accessible and affordable GPS-based public transport information source for private users, with fares, timetable, local maps and other relevant travel information would extend to public transport users the benefits accruing to road users of investment in ITS. Many potential public transport users are unaware of the land transport options that are now available in the EU, particularly for longer journeys.

We would expect infrastructure expansion to be focused on:

- i. Developments which are compatible with sustainable economic growth, reflecting social cohesion and environmental as well as economic objectives.
- ii. The promotion of cross-modal solutions with the intent of ensuring seamless travel using the mode that is most sustainable for the purpose of each particular leg of a journey.
- iii. Ensuring social cohesion throughout the EU whereby investment reflects the legitimate needs of those living in the more remote regions and to ensure that the needs of users of different types of transport are given equal recognition. (This avoids an elitism that was implicit in the Commission's initial approach to ensuring passenger rights whereby, for example, air travellers, whether cross-frontier or domestic, are entitled to compensation for delay and cancellation; those for rail are significantly less comprehensive and those mooted for bus and coach passengers are even less.)

Europe needs a transport system that is integrated, interoperable and of high quality: the EU should support R&D aimed at enhancing 'soft' technology benefits for public transport users.

- **Considerable and well-coordinated funding:** Again, EPF endorses this strongly and suggests that it will be important to address the need to identify additional sources of revenue in addition to anything that might derive from the internalisation of external costs. We have been impressed by the case for land value taxes as a means for generating infrastructure investment funds and of sharing with the community the long-term benefits for land owners of public investment in infrastructure. We have also been interested by arguments in favour hypothecated carbon taxation. Although we are aware of the political sensitivities surrounding discussion of taxation in some member states we believe that an EU initiative may be essential if transport is to play its part in securing sustainable economic growth throughout the single European market.

We accept that the demands of developing a more sustainable approach to transport provision will require special measures and accept that these may require innovative forms of revenue-raising.

- **Using technology to accelerate transition to a low carbon economy.** We are struck by the size of the funds made available to the automotive and aeronautical industries in both the EU and USA in the attempt to secure a more sustainable future for them. R&D investment relating to public transport has been scant in comparison. We think that the European Commission should review its priorities in this respect, particularly given the long equipment replacement cycles associated with both the rail and maritime sectors.

The European Commission should reprioritize its investment in transport R&D to ensure an appropriate share for modes that further its broader policy objectives, including its flagship environmental policy.

- **Promoting market opening through legislation:** We suspect that many of the EU's objectives – particularly in the rail sector – could be achieved through more effective implementation of the existing legislation. In particular, we consider that there is a strong case for ensuring that the obligation to ensure independent regulation is applied throughout the EU. Measures to promote market opening still need to be matched by effective consumer advocacy and adequate, understandable and enforceable consumer protection. As the EU has frequently noted, users are very much the weaker part in the transport contract. The voice of passengers, in particular, does not reflect their number and is faint in comparison with the influence of the lobbyists retained by the major transport groups. The EU needs to address this anomaly in the context of improving its engagement with Europe's citizens and ensuring that market opening is to the benefit of consumers.

The EU should revitalize its commitment to engagement with users in the field of transport policy and match market opening with consumer protection that is effective and accessible

- **Information, education and awareness-raising to encourage behavioural change:** In the words of the 2001 Transport White Paper⁶, “a veritable cultural revolution is required” starting with a realisation of the continuing need to place users at the heart of the transport system. The dissemination of objective data on user satisfaction would enable comparisons to be made at European level and encourage continuing improvement in the pursuit of best practice. We refute the suggestion of some undertakings that such data is

commercially sensitive and that it should not be in the public domain, noting that the UK Department for Transport now uses the well-established twice-yearly National Passenger Survey (NPS) as the basis of policy making and, in the case of one railway undertaking, reward. (The NPS involves interviews with more than 50,000 rail passengers each year: a variant is likely to be developed for the measurement of bus passenger satisfaction.) We believe that more of this sort of data collection, analysis and comparison could be done at European level. We note that steady progress is beginning to be made with the collection of safety data by the European Railway Agency although we would note that the failure of some countries to comply with information requests begs the question as to whether some sort of sanctions may be necessary to secure compliance.

The Commission should promote best practice through collection and publication of comparative user satisfaction data.

- **Effective governance:** EPF supports the steps that are being taken to establish European standards and to facilitate inter-operability. We regard the main value of this work as being its ability to secure economies of scale and therefore reduced equipment costs. Wherever appropriate, TSIs should be cross-modal.

The introduction of each TSI should be conditional on evidence to show that implementation will give improved value-for-money for the end users.

- **The external dimension:** EPF acknowledges the value in developing through corridors to contiguous territories and acknowledges the value for industry of the EU's work as a global standard setter. However, we consider that the EU's engagement in the external dimension of the transport industry should be proportionate and not be allowed to inhibit progress towards a more sustainable transport policy for Europe.

**European Passengers' Federation,
26th August, 2009**

¹ COM (2009) 179/4: *A Sustainable Future for Transport: Towards an integrated, technology-led and user friendly system.*

² Fredrik Reinfeldt and Anders Borg, article in *Dagens Nyheter*, 2nd June 2009.

³ Lisbon European Council 23rd/24th March 2000: *Presidency Conclusions*, http://www.europarl.europa.eu/summits/lis1_en.htm

⁴ COM (2007) 642: *Progress Report on the Sustainable Development Strategy 2007*.

⁵ COM (2009) 25: *The Consumer Markets Scoreboard, 2nd Edition*, Directorate General for Health & Consumer, European Commission. Gas, water, electricity, postal services, mobile telephone, fixed telephone, urban transport (within towns/cities: tram, bus, underground, rail/RER), extra urban transport (between towns/cities: rail, bus), air transport, retail banking and insurance. The consumers using bus and rail transport services experience least satisfaction and most problems: less than half of consumers are satisfied with these services and about one in four experienced problems.

⁶ COM (2001) 370