



International Association of Public Transport
Union Internationale des Transports Publics
Internationaler Verband für öffentliches Verkehrswesen
Unión Internacional de Transporte Público

**The role of local
PT for a
sustainable urban
development**

13 May 2010

Bucharest

***The new legislative framework
for the optimisation of PT
services in Europe***

Connecting the world of public transport

Regulation 1370/07

Regulation n°1370/2007 on public passenger transport services by rail and by road

Adopted on 23 October 2007

Entry into force: 3 December 2009

Transition period: 10 years



Content

- ✓ **Objective & scope**
- ✓ **Public service contracts**
- ✓ **Award of public service contracts**
- ✓ **Information and publication**



Objective & scope

Define in accordance with the rules of EC law

- how competent authorities may act in the field of public passenger transport
- to guarantee the provision of services of general interest in the field of urban transport that are (amongst other things) more numerous, of higher quality and/or at lower cost than those that market forces alone would have allowed



Objective & scope

Scope: passenger transport by rail, bus, metro, tramway, trolleybus

Definition of common rules for the award of financial compensation and/or exclusive rights for passenger transport :

- ✓ Establishment of a public service contract
- ✓ Choice of the organising authority to tender out or to award the contract directly
- ✓ Information/publication



Public service contracts

Minimum content:

- ✓ Service level and geographical coverage
- ✓ Compensation parameters
- ✓ Exclusive rights granted
- ✓ Arrangements for cost allocation
- ✓ Allocation of revenue
- ✓ Duration



Public service contracts

Public service contracts establishing compensation for PSO (in accordance with reg. 1370/07) are exempt from State aid notification



Public service contracts

Renewal of rail rolling stock in the framework of a public service contract as from 3 December 2009:

Compatible aid if:

- ✓ Public service contract is tendered
 - ✓ Public service contract is directly awarded
- application of the regulation, in particular the annex

No need to notify the Commission



Public service contracts

Apart from handling state aid ...

- ✓ Tool for transparent, efficient public transport service management
- ✓ Tool to handle infrastructure and rolling stock financing
- ✓ Lead to sound institutional arrangements
- ✓ Long-term PSC are key to financial sustainability of projects + operators as they clarify PSO and their financing



Award of public service contracts

Article 5

10 years transition period

Applies to concessions, where the operators bears the cost risk and (some) revenue risk (net-cost contracts)



Award of public service contracts

Bus, tram or metro concessions :

Unless prohibited by national law, any competent authority has the freedom:

- ✓ to choose to entrust its own public passenger transport services in the area it administers to an internal operator without competitive tendering or
- ✓ to have recourse to a third party on the basis of a competitive tendering procedure



Award of public service contracts

Bus, tram or metro concessions :

The possibility to award directly to an internal operator is submitted to a double condition :

- ✓The internal operator has to be controlled by the competent authority;
- ✓The internal operator performs its passenger transport activity only within the territory of the competent local authority.



Information & publication

The obligations are two fold

1. Once a year the competent authority has to publish an aggregated report on the public service obligations for which it is responsible.



Information & publication

2. At least one year before the launch of the invitation to tender procedure, or one year before the direct award, the competent authority shall make sure that at least the following information is published in the official Journal of the EU:
 - ✓ Name & address of the competent authority
 - ✓ Type of award envisaged
 - ✓ Services & areas potentially covered by the award





Study:

Contracting practices in urban public transport
with a Guidebook

Thank you for your attention