



EUROPEAN
TRANSPORT
WORKERS'
FEDERATION

THE ETF POSITION ON LOW FARE AND FREE FARE MASS TRANSIT

Policy Position Paper



| WHERE ARE WE NOW? - FACTS AND FIGURES ABOUT PUBLIC TRANSPORT

Public transport, be it by rail or road, covering urban, sub-urban or regional areas, is a public good. Public transport is meant to provide mobility for all, including low-income people, persons with disabilities, elderly, and people with reduced mobility. Migrants and women represent a significant percentage of public transport ridership¹.

Public transport is not a profit-making activity and must not be treated as one / Past attempts to privatise public transport services made it expensive and unreliable for users. It has caused the closures of lines, and investment cuts in fleets, rolling stock and infrastructure.

The UK example / following privatisation, in bus service over the past 20 years, more than 3000 routes were suspended or reduced; in the past 40 years fares went up by more than 400%, and the number of users outside London dropped by almost 40%².

It took a global pandemic to prove the importance of public transport to keep essential sectors alive and guarantee low-income people access to jobs and services / In 2020, despite being subject to drastic reductions to avoid contamination risks, public transport proved more than ever an indispensable means for access to jobs and services for disadvantaged groups and frontline workers – child and healthcare workers, cleaners, warehouse workers - who could not afford other types of transport, and could not telework.

The example of Sweden / a research piece on the use of public transport during the first year of the pandemic in Stockholm concludes that groups with the lowest education levels, lowest income and highest share of immigrants continued to use public transport during COVID amid high risk of exposure to fatal disease. The study also found that ‘the probability to stop travelling by public transport increases with the share of the male population in the area’³.

Public transport and the green transition – EU takes the lead with the Recovery and Resilience Fund (RRF) but will the Member States follow? / 43% of the total Recovery and Resilience Fund launched by the European Commission in February 2021 to mitigate the socio-economic impact of the pandemic is dedicated to green transition, of which more than a third is committed to sustainable mobility. To access this fund, member states had to present national plans which commit on how they spend the money.

And the winner is... / By September 2022 Member States had submitted 89 requests for funding for the deployment of alternative fuels in road transport, while only 34 requests for public transport⁴. Some member states openly asked for RRF funds to stimulate purchasing of

¹ Eurobarometer data for 2020 & Women and transport, European Parliament, FEMM Committee, December 2021

² <https://www.theguardian.com/commentisfree/2021/jul/26/bus-privatisation-public-service-strategy-british-private-market>

³ https://www.researchgate.net/publication/352193206_Who_continued_travelling_by_public_transport_during_COVID-19_Socioeconomic_factors_explaining_travel_behaviour_in_Stockholm_2020_based_on_smart_card_data

⁴ CSE COE presentation at the Urban Public Transport European Social Dialogue meeting of 23 September 2022

electric cars. Germany, France and Italy are taking the lead in this respect. Although electric cars are still expensive and charging infrastructure scarce, between 2019 and 2020, sales of electric vehicles in Europe went up by 55% which may also be an indication of where government subsidies go. While the 'science' behind public transport clearly demonstrates that this is the only means to provide affordable mobility to all population segments. Electric cars as a means to save the planet is a less straight, electric cars pollute in a different way and fail to address the challenge of urban congestion.

The energy crisis shows how reliable public transport is important for all income groups. The energy crisis is likely to alter the profile of public transport users as many abandon their private cars due to increased costs. By October 2022 energy prices had gone up by more than 40%. This forced car dependent people to reconsider their commuting and mobility choices. Many more would choose mass mobility but public transport isn't developed enough at regional level. Lack of regular, frequent interurban routes is often the reason.

The example of Belgium / In **Belgium** a daily trip to work by car would count for up to 10% of the total net monthly income of around 5000 euro, for a family of two using two cars⁵. In March 2022, many Belgians were considering filing for unemployment to save on fuel costs! In response to the energy crisis in that same month the Belgian government launched a relief package consisting in a cut in excise duties on car fuel. This cost the government nearly 4.5 million euro per day⁶.

Public transport fails to attract workers, and the shortage of staff becomes critical

/ The first signs of shortage of transport workers were felt during the pandemic, and started in long-haul road transport. The cause: more than two decades of deteriorating pay and working conditions for truck drivers. Sectors with a much better social record such as rail and urban public transport, followed. Today, despite promises for a better pay and easier access to occupation, road, rail and urban public transport all fail to attract personnel. Third-party violence plays a significant role in making public transport unattractive. In the context of the pandemic, violence towards transport workers from passengers and the public reached alarming levels as transport workers found themselves responsible for enforcing covid measures. Women transport workers have particularly been affected by third party violence.

Examples / In **Belgium** in road passenger transport – both urban and interurban routes operate with only 9700 drivers out of a total of 12000 needed. In rail, in April 2022 the national rail operator registered a shortage of 4000 workers, and had to cancel 2700 trains⁷. In the **Netherlands**, in May 2002, the Dutch national rail carrier NS struggled to fill in 1100 job vacancies and had to reduce service frequency on routes servicing the Schiphol airport⁸. In **France**, in autumn 2022 the shortage of workers in RATP made headlines. Île-de-France cancelled more than 25% of services. The road passenger transport was short of more than

⁵ <https://www.rtbf.be/article/hausse-du-prix-de-lenergie-une-journee-de-travail-cest-10-de-mon-salaire-qui-passe-dans-le-carburant-10955541>

⁶ <https://www.premier.be/fr/le-gouvernement-prend-de-nouvelles-mesures-de-lutte-contre-la-hausse-des-prix-de-l-energie>

⁷ <https://lpost.be/2022/05/30/il-manque-au-moins-4-000-cheminots-a-la-sncb/?fbclid=IwAR0skUPOItITLdj-9bOKiDLXKlam0bavXO1yBSdFshq2-EHY4nhNO2Qs9WA>

⁸ <https://www.treinreiziger.nl/ns-kampt-met-personeelstekort-treinen-vallen-uit/#:~:text=In%20totaal%20heeft%20NS%20op,plek%20voor%20meer%20dan%201000>



3000 drivers. **Sweden** also has a short of drivers. Road passenger transport would need 7000 more drivers but training centres are far from being full, very few of the unemployed choose a career as a bus driver due to the poor conditions in the sector.

The climate crisis is a mobility crisis! / Policy makers and citizens alike are increasingly aware of the fact that collective mobility remains at the core of the green transition.

A glimpse across Europe / The European Commission has stressed the urgency of dealing with climate change, and establishes **building a stronger public transport network as one of the goals of its Urban Mobility Framework**⁹. The ETF and UITP have pointed out jointly that investments in public transport and getting more people to use it can cut emissions from the transport sector by over 50% in the next decade.¹⁰ And prior to the pandemic, 64% of Europeans were ready to switch to public transport for environmental purposes¹¹.

Thus, in terms of financing, all conditions are met to agree that public transport has to benefit from the same regime as any other public service such as health care, education, waste management. **In other words, public transport must be publicly owned, and be funded from public money.**

LOW OR FREE FARE PUBLIC TRANSPORT – EXAMPLES AND A FEW LESSONS LEARNT

There are three main sources of funding for public transport;

- Fares
- Taxpayer funds and government subsidies
- Third party funding

The revenue generated by fares as a proportion of the total varies from case to case. It is a more consistent proportion in case of larger cities and less in smaller localities. The proportion varies between 10 and 50%¹². A reduction in any of the three sources will trigger an increase in funding from the others sources.

Pre and post-pandemic, in order to respond to the climate change and to increase use and restore trust in mass transit, a few municipalities have implemented **low-fare or free-fare public transport schemes**. Here is a selective number of **examples**:

Luxembourg, February 2020 till today / Luxembourg introduced a free-fare scheme in February 2020 in order amongst others, to reduce private car use by 15% - which is high particularly in border areas, as almost 50% of the working population in Luxembourg are commuters. The gap in ticket revenue – quite small in an already highly-subsidised sector - was to be covered from general taxation. An evaluation of the measure was due by 2021, but has not been published. However, there is some evidence that the free-fare public transport hasn't met the government objective. In May 2022, congestion on Luxembourg's roads was

⁹ https://ec.europa.eu/commission/presscorner/detail/en/fs_21_6781

¹⁰ ETF & UITP Joint Statement for COP 26: *Tackling climate action with public transport is one of the EU's largest economic opportunities of the 21st century.*

¹¹ <https://www.eib.org/en/infographics/adopting-more-environmentally-friendly-means-of-transportation>

¹² UITP policy brief 'Full free fare public transport: Objectives and alternatives' September 2020

equal if not higher than in May 2019¹³. This may be explained by the fact that commuters still have to use private cars to cross the border. Luxembourg has the cheapest fuel in the EU and the highest private vehicle density. On the other hand, it is common knowledge that free fare schemes attract cyclists and walkers more than car users. In the absence of an evaluation of the Luxembourg measures, we can only presume that these were the main causes of the scheme not meeting its target.

Germany, June – August 2022 / The monthly 9 Euro ticket was an initiative taken by the German government as part of a political relieve package aimed to address the soaring energy prices and the increasing inflation. It covers local and regional trains, and local transport services by bus and light rail. Compensating for loss from ticket revenue required 2,5 billion Euro. Around 7 million tickets were sold before 1st June with urban public transport operators suggesting around 30 million users each month. Second half of June car traffic had decreased in 24 of 26 cities compared to May, and train ridership increased by 42% compared to June 2019. However, the major downside of this scheme was the national coverage (applicable to the entire German territory) resulted in a lack of capacity to respond to the increased demand. Trains were overcrowded, staff were overwhelmed, this resulted in delays and cancellations, and negatively affected people's confidence in and perception of public transport. A 49 Euro monthly ticket will be launched in May 2023 known as Deutschland-Ticket (D-Ticket).

Hasselt Belgium, 1997 - 2014 / A full free-fare policy was introduced on the public transport bus network in Hasselt from 1997 to 2014. The aim was to reduce road congestion. 75.000 people were concerned. Over this period, the bus fleet was expanded from 8 to 46 vehicles. Under the new scheme, 37% of bus users were new – with almost half switching from private cars, about 30% from cycling and 25% from walking - and existing users ended up using the bus service more often. However, it seems that this initiative didn't significantly reduce the car use overall¹⁴

Dunkirk France, 2018 / In 2018, the Urban Community of Dunkirk (CUD)¹⁵ introduced a free fare bus scheme in Dunkirk and its surroundings. This was done on basis of a 4-year public consultation process, and in parallel with network restructuring programme covering an area of 200,000 residents. The aim was to increase accessibility and mobility for local inhabitants, particularly low-income groups. The intention was also to double the number of journeys by 10% by 2020. Other aims included improving accessibility to the bus network and other core services, and increasing the purchasing power of low-income groups. It is worth mentioning that two years prior to the introduction of the scheme, investments were made in increase the capacity of the transport network and its connectivity. The bus fleet was increased, and modernised. An initial evaluation of the scheme indicated that in just 6 months the number of bus trips increased by 85%, bus use increased by 65% during the week and by 120% at weekends, and new users represented 50% of total users. What is more, half of the new users had shifted from car to bus. An inhabitant survey showed high satisfaction with the quality of service. 70% of the loss in ticket revenue was covered in an increase in an urban regional mobility payroll tax imposed to employers with more than 11 employees. The rest was covered by the municipality.

¹³ <https://www.wort.lu/fr/luxembourg/un-traffic-routier-plus-dense-qu-avant-le-covid-62bc2c7bde135b9236ace71c>

¹⁴ <https://www.eltis.org/resources/case-studies/free-passenger-transport-exploring-benefits-and-disadvantages>

¹⁵ <https://www.communaute-urbaine-dunkerque.fr/communaute-urbaine/linstitution>



Tallinn Estonia, 2013 / A free-fare policy covering tram, trolley bus and bus services was introduced in Tallinn in 2013 following a public consultation that revealed that about 50% of public users were dissatisfied with paying for public transport. The objectives of this measure were, to get car users to shift to public transport, to improve mobility for low-income and unemployed residents and to ensure more people register as Tallin residents. The gap caused by loss of ticket revenue was covered from tax on new registrations. 3 months into this scheme, car use had decreased by 5%, with 23% more low-income people, out-of-education people and unemployed using bus, trolleybus and tram services. It was also found that more walkers shifted to public transport.¹⁶

Lessons learnt / A quick overview of the above experiences indicates that while most of these initiatives were aimed to reduce congestion caused by private car use, this was achieved only in cases where mass transit represented a viable alternative for users, in other words it was easily accessible and offered enough capacity to respond to expectations – see the example of **Dunkirk** and **Hasselt**. Planning in advance to increase service frequency, number of lines, fleets was a precondition for success. The **Luxembourg** example indicates that it takes much more than removing fares in itself to generate a shift from private cars to public transport use. Initiatives of the kind must be accompanied by measures to make driving more expensive and more difficult i.e., by increasing fuel prices, by creating car-free zones, etc. Having a clear source of financing to compensate for the free fare scheme is also essential – see the example of **Tallinn**. The example of **Germany** is of an unprecedented scale but the lack of capacity to cope with the popularity of it led to low quality service, created bottlenecks and risked to deter users.

Low and free fare schemes and labour costs / There is no data about the impact of the low or free fare schemes on labour costs, but the success of such policies depends undoubtedly on having the right number of well-trained, skilled personnel to sustain higher demands while providing a safe, reliable and high-quality service. Lower revenues from ticketing, higher demand that put service-provision under pressure will not only risk to impact on workers' pay and conditions, but also lead to more workload. Hence, workers may leave the sector and make it even more understaffed.

THE ETF POSITION ON LOW AND FREE FARE POLICIES

Mindful of the above, the ETF considers that fare policies:

Must be regarded as a means of redistribution of wealth and to this end they have to be applied in a targeted manner, so to benefit those who need them most! This approach will ensure a certain fare revenue and therefore a certain balance between the three above mentioned sources of funding

Must be planned and agreed on in consultation with social partners and the civil society, to benefit workers, service and users in all their diversity

Must be compensated by other revenue sources so that to allow continuous

¹⁶ <https://www.eltis.org/resources/case-studies/free-passenger-transport-exploring-benefits-and-disadvantages>



investment in extension of infrastructure, improvement of fleets and service - this is the only way to stimulate a shift from private-car to mass mobility

Must be accompanied by measures to make driving more expensive, more difficult and less attractive

Must be accompanied by an expansion of services particularly in rural areas, at all times including off-peak times and throughout the week, weekend included, to achieve supra-regional equivalence of access to mobility

Must be accompanied by a thorough assessment on possible impacts on pay and working conditions, and during the implementation process by measures to offset any potential impacts - this is the only way to recruit and train new staff, and to make the sector match the expectations of the young workforce

Must be part of long-term national strategies and together with other public services, must benefit from the bulk of public money. EU financial support and national budgets should be primarily directed to support mass and active mobility, as this is the only way to move towards greening of transport, properly address the energy crisis and tackle inequalities. Subsidising electric vehicle purchase and infrastructure, as well as subsidising fuel costs as a relief measure to address the energy crisis can only be of temporary nature, and only applied in emergency situations.

By way of conclusion... accessible, affordable quality public transport service for all

ETF calls for public transport that is simple, affordable and accessible for all. In the current context, affordable public transport can help ease the cost-of-living crisis for workers and vulnerable households while also reducing carbon emissions by encouraging modal shift from car to public transport. The availability of affordable and accessible public transport for all even in rural areas is necessary to achieve the EU Green Deal goals in a socially and environmentally fair way.

ETF believes long term investment and funding commitments must be a precondition to any reduced fare schemes. Public transport needs to offer a frequent and high standard of service to shift people away from private cars. This level of service comes at a cost and requires investment. This investment is vital to improve pay and working conditions to address worker shortages in the sector while also maintaining and increasing infrastructure capacity. Public ownership of public transport remains key to achieving our social and environmental goals.

ETF demands that public transport reduced fare are introduced in agreement with unions and worker representatives. The demand created by reduced fares must be planned for in advance to avoid overcrowding and putting an unreasonable burden on overworked public transport workers who are already in short supply.

Brussels, 20 March 2023