Financial tools for healthy transport

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Employers’ contributions: mandatory tax based on pay roll

France: the « Versement transport » covers about 40% of O&M costs of collective urban transport
- since 1970, for entreprises over 9 employees,
- 1 to 2% of payroll, ie 6 to 7 billions €/year

Figure 15: Lyon Transport Authority (SYTRAL)'s income: 761,1 M€ (2013)
Main ressources of public transport in France (loans excepted)

- Niveau 1
  - Niveau 2
  - Niveau 3
- Niveau 1
Transport contribution – key data

- Main resource for funding of public transport in France
- Tax on payroll for employers of at least 11 employees
- 1971 – in the Parisian region
- 1973 – in France
- Maximum rates defined by law (depending on the population of the urban area)
- 2017: 79% (240) of the transport authorities decided a TC
### Transport contribution – maximum rates 2017 (Parisian region excepted)

1. Bonus of 0.05% accordé aux communautés d’agglomération, urbaines, de communes, aux métropoles et aux syndicats mixtes de droit commun
2. Bonus of 0.20% accordé aux agglomérations dont le ressort territorial comprend au moins une commune touristique

<table>
<thead>
<tr>
<th>Agglomérations</th>
<th>Régime général</th>
<th>+ Bonus intercommunalité&lt;sup&gt;1&lt;/sup&gt;</th>
<th>+ Bonus commune touristique&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>de plus de 100 000 habitants</td>
<td>TCSP</td>
<td>1.75%</td>
<td>1.80%</td>
</tr>
<tr>
<td>sans TCSP</td>
<td>1.00%</td>
<td>1.05%</td>
<td>1.25%</td>
</tr>
<tr>
<td>de 50 à 100 000 habitants</td>
<td>TCSP</td>
<td>0.85%</td>
<td>0.90%</td>
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<tr>
<td>sans TCSP</td>
<td>0.55%</td>
<td>0.60%</td>
<td>0.80%</td>
</tr>
<tr>
<td>de 10 à 50 000 habitants</td>
<td>0.55%</td>
<td>0.60%</td>
<td>0.80%</td>
</tr>
<tr>
<td>de moins de 10 000 habitants dont au moins une commune touristique</td>
<td>0.55%</td>
<td></td>
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</tbody>
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### Transport contribution – maximum rates 2017 – Parisian region

<table>
<thead>
<tr>
<th></th>
<th>Taux de VT (1er avril 2017)</th>
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<tbody>
<tr>
<td>Paris et Hauts-de-Seine</td>
<td>2,95 %</td>
</tr>
<tr>
<td>Seine-Saint-Denis et Val-de-Marne</td>
<td>2,12 %</td>
</tr>
<tr>
<td>Communes des autres départements d'Île-de-France figurant sur une liste fixée par décret (CGCT art. R. 2531-6)</td>
<td>2,01 %</td>
</tr>
<tr>
<td>Autres communes de la région Île-de-France</td>
<td>1,60 %</td>
</tr>
</tbody>
</table>
Transport contribution – total 2015

- 3,75 billion euros – Parisian region
- 3,91 billion euros – elsewhere in France
Transport – individual preference

- Since an urban transport system consists of several different modes, the system as a whole needs to be organised, planned and operated, in order to optimise access to all of the territory and to enhance public space, seeking to minimise the negative externalities.
Mobility management - tools

- Control urban development (land use, diversity, density, design...)
- Build and operate transport infrastructure – sidewalks, roads, bus stations, bus lanes, parkplaces, interfaces...
- Implement and regulate transport services – operators, networks, schedules, pricing...
- Regulate and control the vehicles in circulation – private and public hand
- Inform, educate or train stakeholders...
Who pays what in urban transport

One budget: to optimize costs and revenues...

Figure 4: Funding for public transport
Who pays what

A Comprehensive policy to cover operation costs...

- Fare revenues
  - Trip
  - Inhabitant
- Expenditures
  - Costs
  - Operated Km
  - Inhabitant

Fare revenues / trip = Expenditures / Operated Km

GDP; urban development; car restriction policy, attractivity of urban transport network

Costs per mode: investment; efficiency of operation (energy efficiency x cost of gasoline/electricity; staff efficiency x number of staff)
The price of urban sprawl

How much should be invested?
The same length of infrastructure in two cities

60% of the population in Barcelona with 99 km of Metro

4% of the population in Atlanta with 74 km of metro
Fare box

Tariff structures: examples for discussion

Incentives to use urban transport
Tallinn (420,000 inh., Estonia): urban transport is free for local inhabitants and students

Social considerations
Strasbourg (450,000 inhab., France): tariff depends on household revenues

Geographical cross-subsidies: one zone (ex. Izmir) or tariff by zones (ex. Jakarta, Paris)?
Private car users: reduce traffic / increase revenue

The first objective is to limit car ownership, hence limit congestion and future investment needs.

- **Taxes**: Japan, Denmark (equal to the price)
- **Quotas**:
  - **Singapore**: 1990 / auctions / certificate valid for 10 years
  - **Shanghai**: 1994 / auctions / 11000 plates awarded in April 2013 / average price 10 000 € (price is capped)
  - **Beijing**: monthly lottery: 20 000 new plates/month

Source: China’s Economic Super trends, pg. 204
Fuel taxes: everywhere, but not always earmarked for urban transport

**California**: 70% of fuel taxes for transport - out of which 90% for road maintenance; 10% for collective transports

**Colombia**: additional tax on fuel -> up to 250 M € /year; investment of the three first Transmilenio lines was partially financed through this tax

**Germany**: Bayern finance the rail with fuel taxes transferred by federal level

*Figure 10: Unleaded gasoline prices (1st quarter of 2014)*
Parking fees

Parking fees and fines:
also two functions

San Francisco (4.5 inhab., USA)
263 M USD in 2012, i.e. 1/3 of San
Francisco Municipal Transport
Authority budget

Nantes (0.4 M inhab., France) 4.5 M
€ net revenues / year

Sydney, Perth and Melbourne
(Australia): 74 M € revenues in
2010-11

Nottingham (0.7 M.
inhab., England): workplace levy -
16 M € /year
Employers’ contribution

Employers' contributions: direct financial support for employees

Brazil: the « Vale Transporte » benefits to 40% of collective transport users if fares exceeds 6% of their salary.

The employer buys public transport vouchers from the transport authority and tops-up the employee’s electronic transit pass.

Figure 17: Percentage of journeys made using the Vale-Transporte scheme in municipal transport systems in 2012.
Property owners’ contribution

Land value capture: making property developers pay through taxes around new stations in urbanized areas (win-win)

**Dublin (Ireland) tramway:** an additional tax for « land added value » (between 250 and 600 000 €/ha), has been used to finance investment.

**Transit Oriented Development:** new constructions generate new fiscal revenues, ear-marked for a transport investment.

**San Francisco:** « Transit Impact Development Fees » created in 1981 for any new business building (adapted in 2012) - 1,4 Bn USD over 20 years
Integration of real estate and commercial activities

The case of Hong Kong MRT
1/ Property transactions around stations and depots
2/ Selling or renting of residential or commercial buildings: the management of a « portfolio » of 13 malls, 90,000 housing units, 5 commercial buildings cross-subsidizes transport activities

Japan Railway companies
25% of their revenues is coming from commercial activities managed within the stations

Figure 20: Operating Income of Keio in 2012
Thank you for your attention