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The public transport market:

Challenges in the future governance of public transport

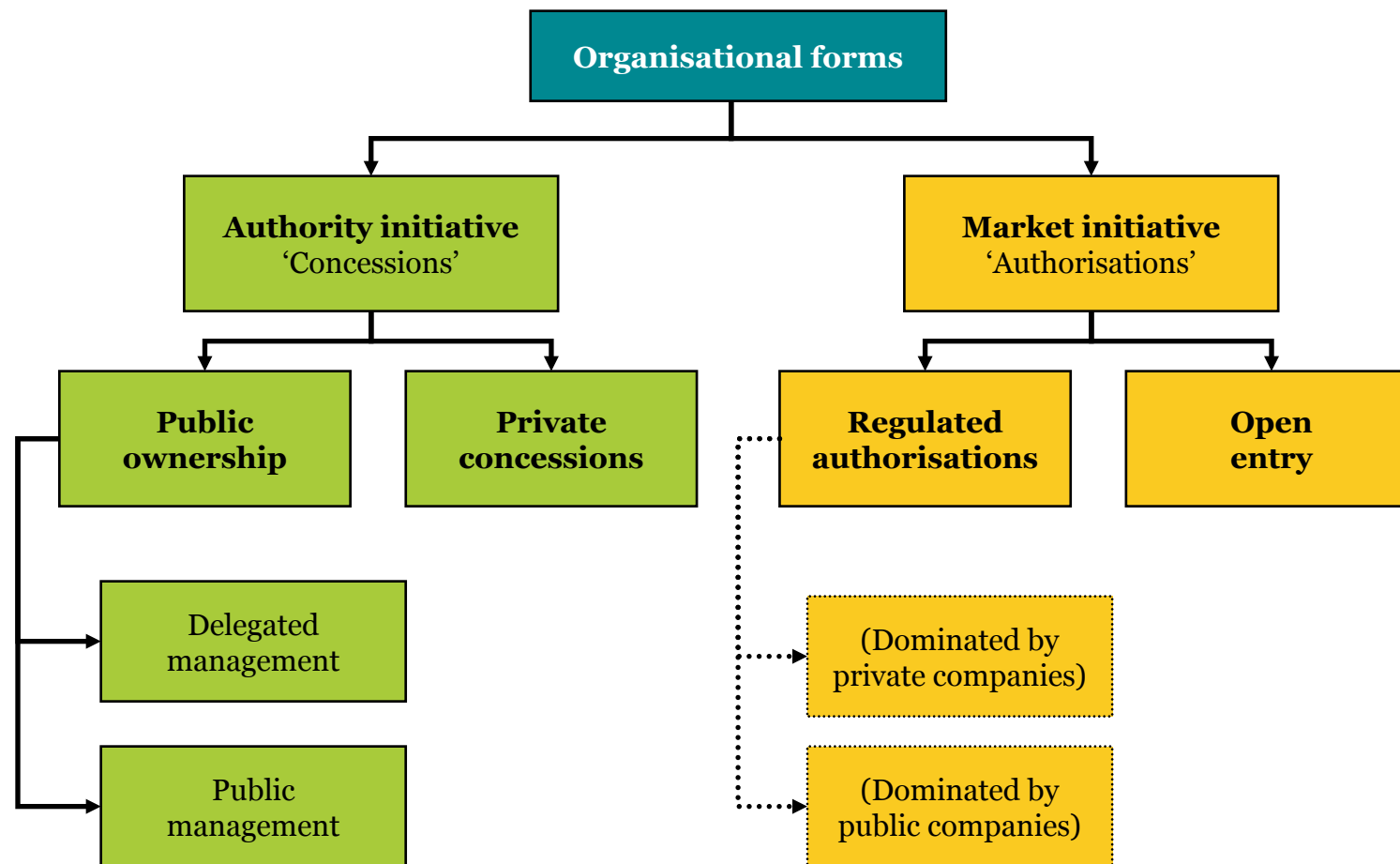
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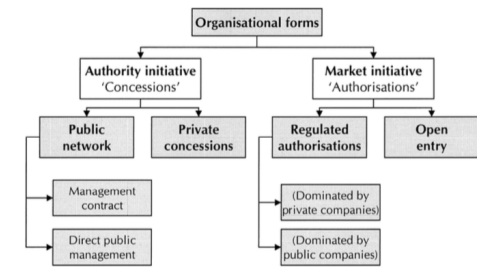
Content

- A few remarks on alternative governance regimes
- A few observations on some developments
 - Regulation
 - Technical
 - Socio-demographic
- A few questions for the future governance of public transport

Various governance regimes: From free market to state monopoly



Some provocative thoughts: One utopia against the other?



Perfect authorities

- Optimal contracts
- Professional tendering
- Fair monitoring
- Forward looking, excellent planners
- Balanced view between competitive services and social services
- Non-selfish, benevolent politicians
- Perfect local democracy

Reality (... a bit exaggerated)

- Contracts based on political rather than economic rationality
- Unduly prescriptive tendering
- Lack of contract monitoring
- Conservative planners
- Exaggerated focus on social policy
- Prestige and hobby-led demagogic politicians

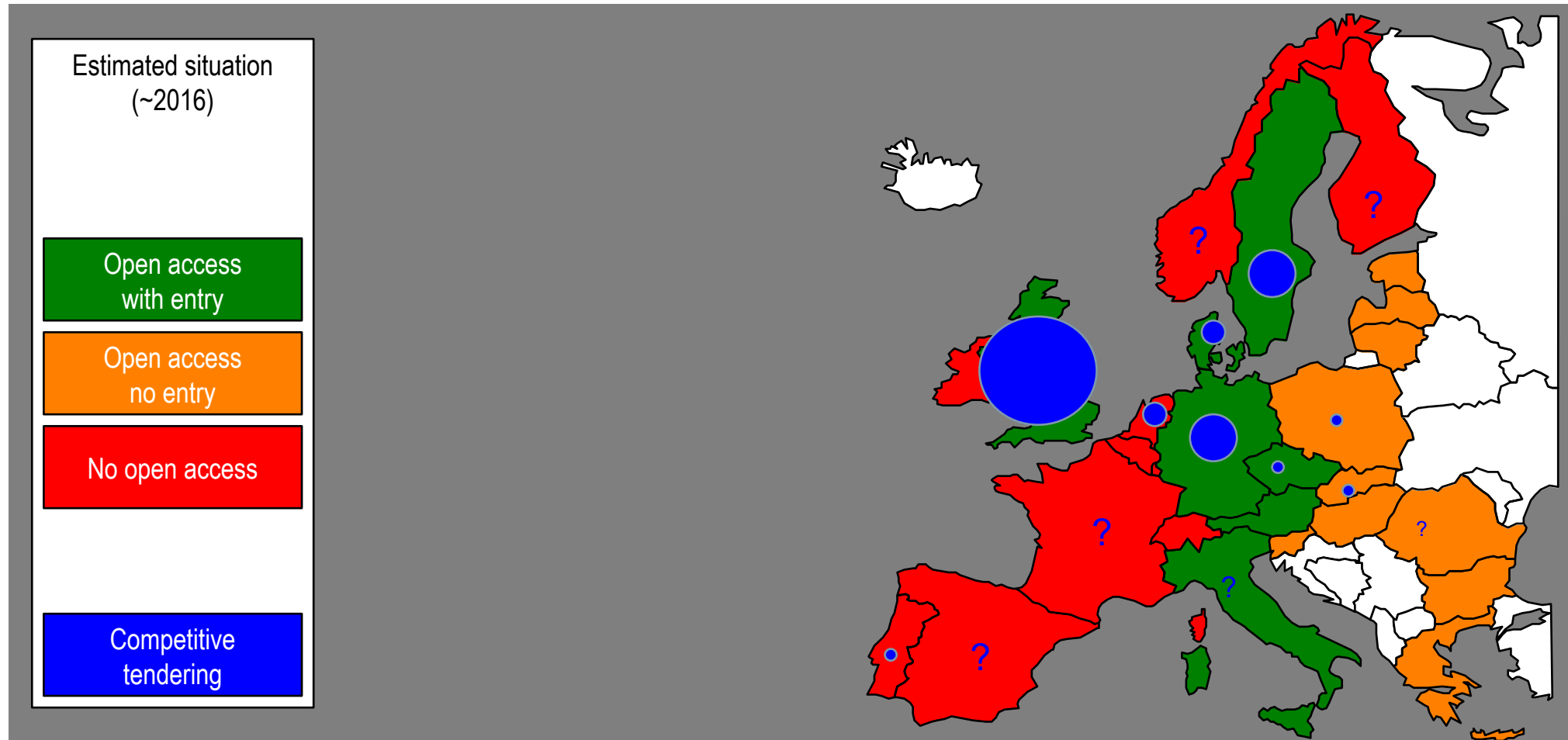
Perfect markets

- Contestable markets
- Effective regulators
- Appropriate regulation addressing market failure (especially network effects)
- Clever authorities
- Innovative operators

Reality (... a bit exaggerated)

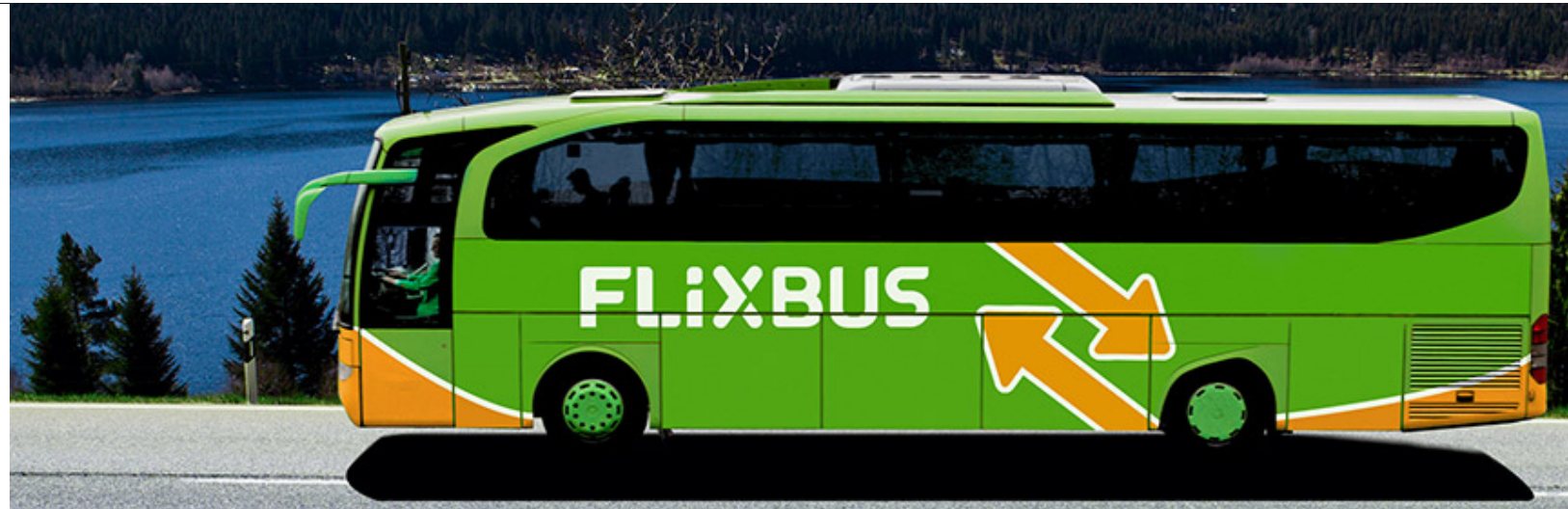
- Dogmatic regulation (no recognition of network effects)
- Ill-equipped regulators
- Barriers to entry
- Regulation not implemented
- Unskilled and unwilling authorities
- Disappointing operators

Competition regimes in the rail sector



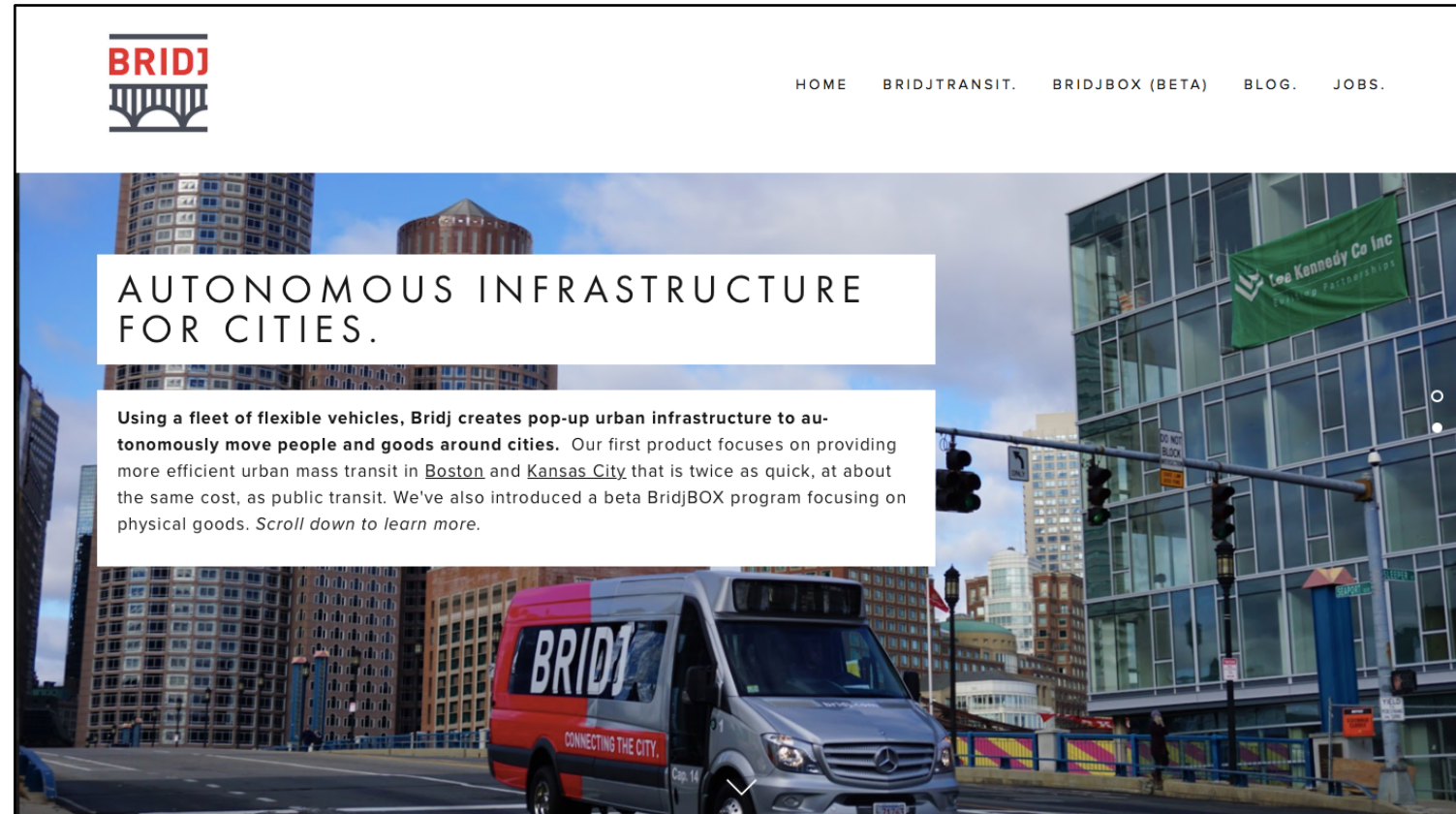
Deregulation in long-distance coach sector

- Great Britain: since 1980
- Sweden, Norway, Finland: since the 1990s
- Poland, Czechia, etc.
- Germany: strong growth then concentration
- Italy: still in full evolution
- France: struggle for dominance?
- Netherlands,...:?



Source: (corresponding websites)

Internet + smartphone = (Public) transport revolution



Source: Bridj website

Internet + smartphone = (Public) transport revolution



maas GLOBAL

Whim is ready to go!

Whim is now in test use and will be released in the Helsinki region after summer 2016. Enter your email address and be one of the first to get Whim!

f t i

SIGN UP

Source: HSL, MaaS Global

Integration of ticketing/services through the market



These carriers trust us. We sell their tickets.

















All tickets. One platform.

You can find all of the train tickets that you need
for your travels in Europe.



(...and many more...)

(...and many more to come...)

Rural services, community spirit



Als ons dorp Samobiël gaat gebruiken, is dat dan geen vrijbrief voor de gemeente of provincie om het OV-aanbod nog verder te verschraken?

Samobiël is geen vervanging voor het reguliere OV maar we kunnen wel een waardevolle aanvulling zijn op plekken waar de OV-verbindingen (bus, buurtbus, regiotaxi etc.) onvoldoende zijn volgens dorpsbewoners. Je kunt Samobiël natuurlijk ook gebruiken om bij die ene bushalte in of net buiten je dorp te komen en daar op de bus te stappen.

Voor overheden is Samobiël wel goedkoper dan het reguliere OV, dat op veel plekken en momenten op het platteland te weinig passagiers vervoert om rendabel te zijn. Het invoeren van Samobiël kost namelijk een fractie van wat het kost om een extra bus in de dienstregeling op te nemen. Maar in diverse gesprekken met verschillende overheden hebben wij nog niets gehoord over intenties om buslijnen te vervangen door Samobiël. Gemeentes en provincies zien Samobiël als een aanvulling op het reguliere OV, net als wij. In Zweden werden juist bepaalde vervoerslijnen weer ingevoerd en andere aangepast toen duidelijk werd hoe vaak bepaalde routes afgelegd werden door gebruikers van onze Zweedse zusterorganisatie Mobilsamåkning.

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Automatic vehicles

- Driverless shuttles
 - Paris
 - Netherlands
 - Sweden
- Driverless car



Source: paris.fr

Socio-demographic changes

- Changing mobility of elderly (car and driver's licence ownership)
- Increased mobility of former captive PT groups due to e-bike
- Declining demand for weaker "social" services
- Remaining services become more "commercial"
- Declining need for monopoly (network) tendering

Socio-demographic developments

More aged
Less younger

Individualisation

Size?
Relevance?
Influence?

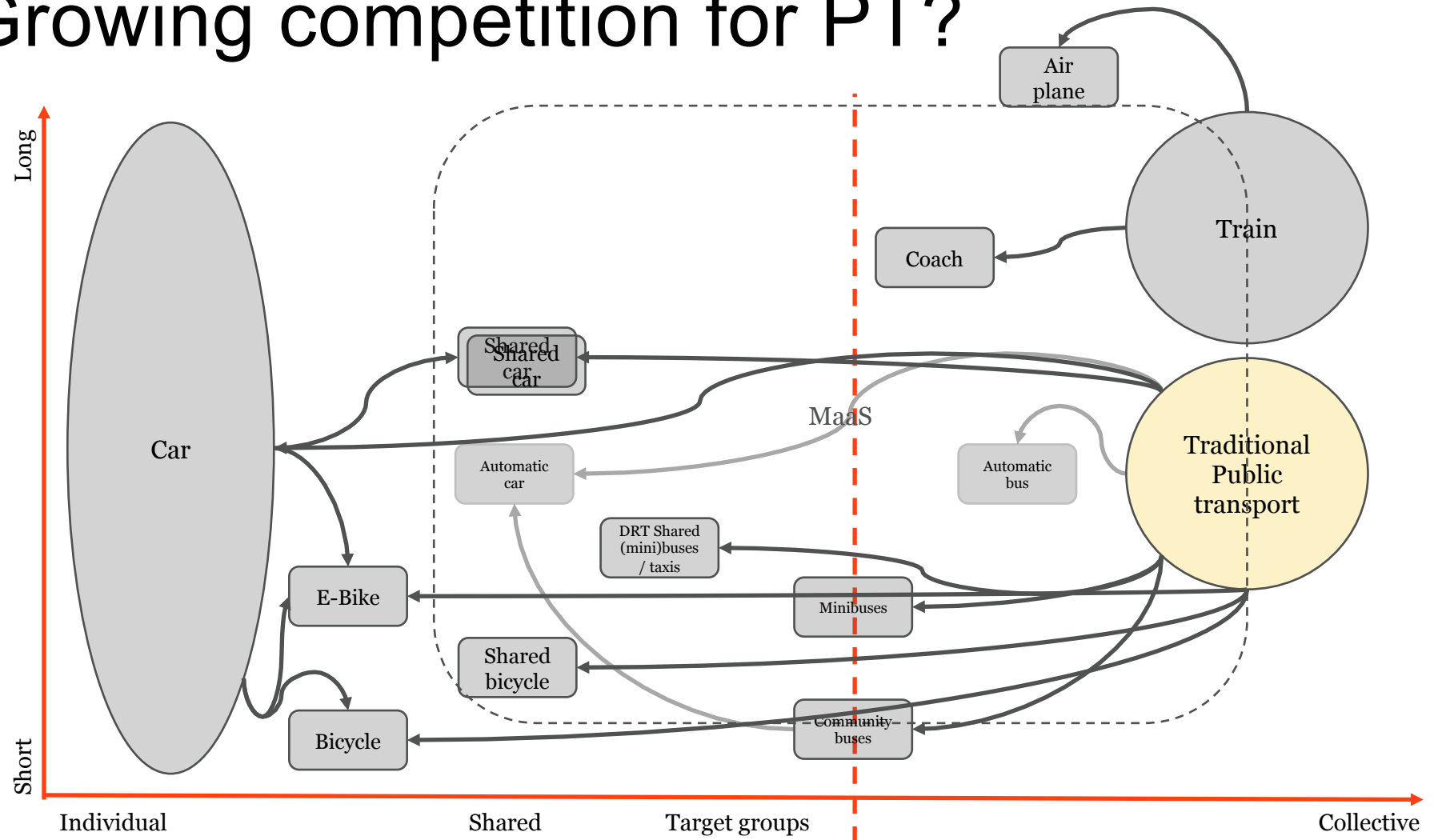
Technical developments

Internet / Smartphone
Integrators
Shared systems

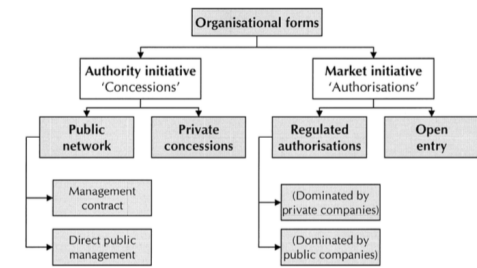
Electric vehicles

Driverless

Growing competition for PT?



Future governance principles?



Determine

Contract/concession/franchise
Exclusivity

INITIATIVE

Release

Market rule
No exclusivity

Regulate

Full specification
Input-steering
No negotiation

STEERING

Stimulate

Development incentives
Output-steering
Negotiation

Constrain

Submit all initiatives to prior approval

PROCESS

Facilitate

Pro-active approach to stimulate synergies

Summarising: Which public transport governance regime for the future?

- Various free market initiatives nibbling at public transport's traditional markets
 - Mixed effects on "commercial" potential of public transport
- Technical developments have not yet come to a new equilibrium
 - More automated, decentralised, tailor-made systems to come
 - Has the potential to solve some social issues
- Public transport governance (in several/many countries) is based on monopoly, authority control, centralised planning
 - Diminishing congruence with the governance of a growing part of passenger transport systems
- **Challenges**
 - **Can contract be made not to hinder, and even to stimulate, (good) innovations?**
 - **Can the (free) market be adequately regulated within a congruent regulatory regime for all transport services?**