



Funding Public Transport Infrastructure in Nordic Cities

NLTM & InformNorden Conference
Helsinki 15 - 17 June 2016
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Introduction

Funding public transport infrastructure in the regions of Helsinki, Stockholm, Gothenburg, Oslo and Copenhagen:

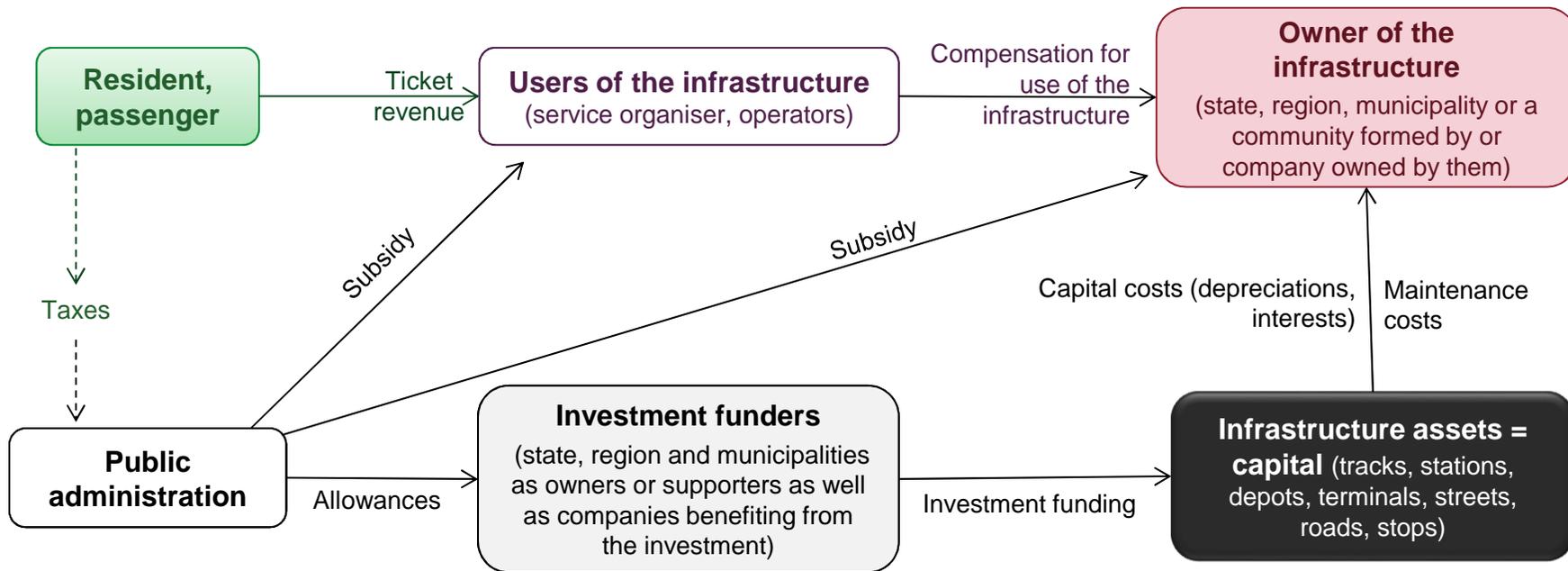
1. **The framework:** Costs, players and payers
2. **The characteristics of funding investments and capital costs in the five city regions**
3. **Observations** of the various methods
4. **Discussion** about economic transparency, policy goals of promoting PT and the socio-economic implications

Acknowledgements

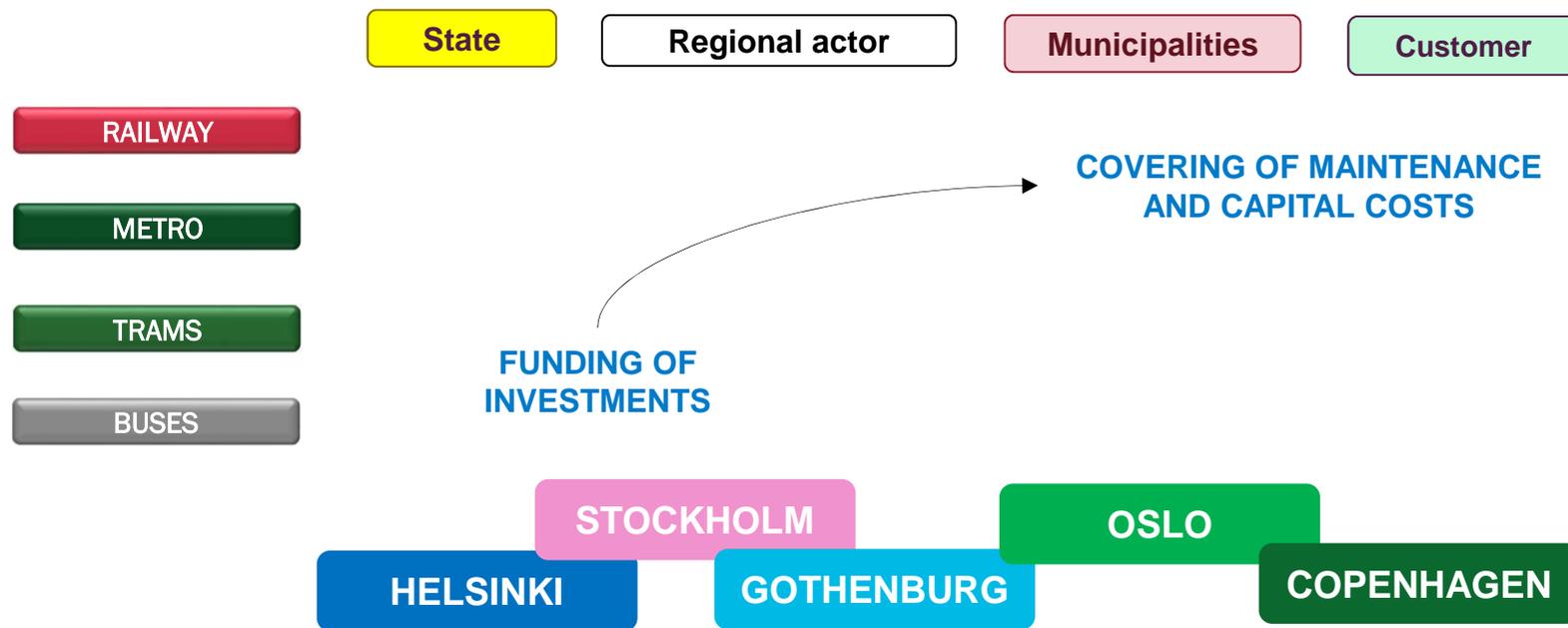
- Based on a study for the HRT, supervised by Tero Anttila and Sini Puntanen.
- Information from the regions given by Tore Kåss (Ruter), Christian Löf (SLL), Roger Vahnberg (Västrastrafiken) and Nikolaj Eriksen (Movia).

- Investments are made because of their **socio-economic benefits**
- Investments generate **capital costs** that have to be covered
- The methods of covering the capital costs vary depending on the **institutional setting**

Costs, players and payers

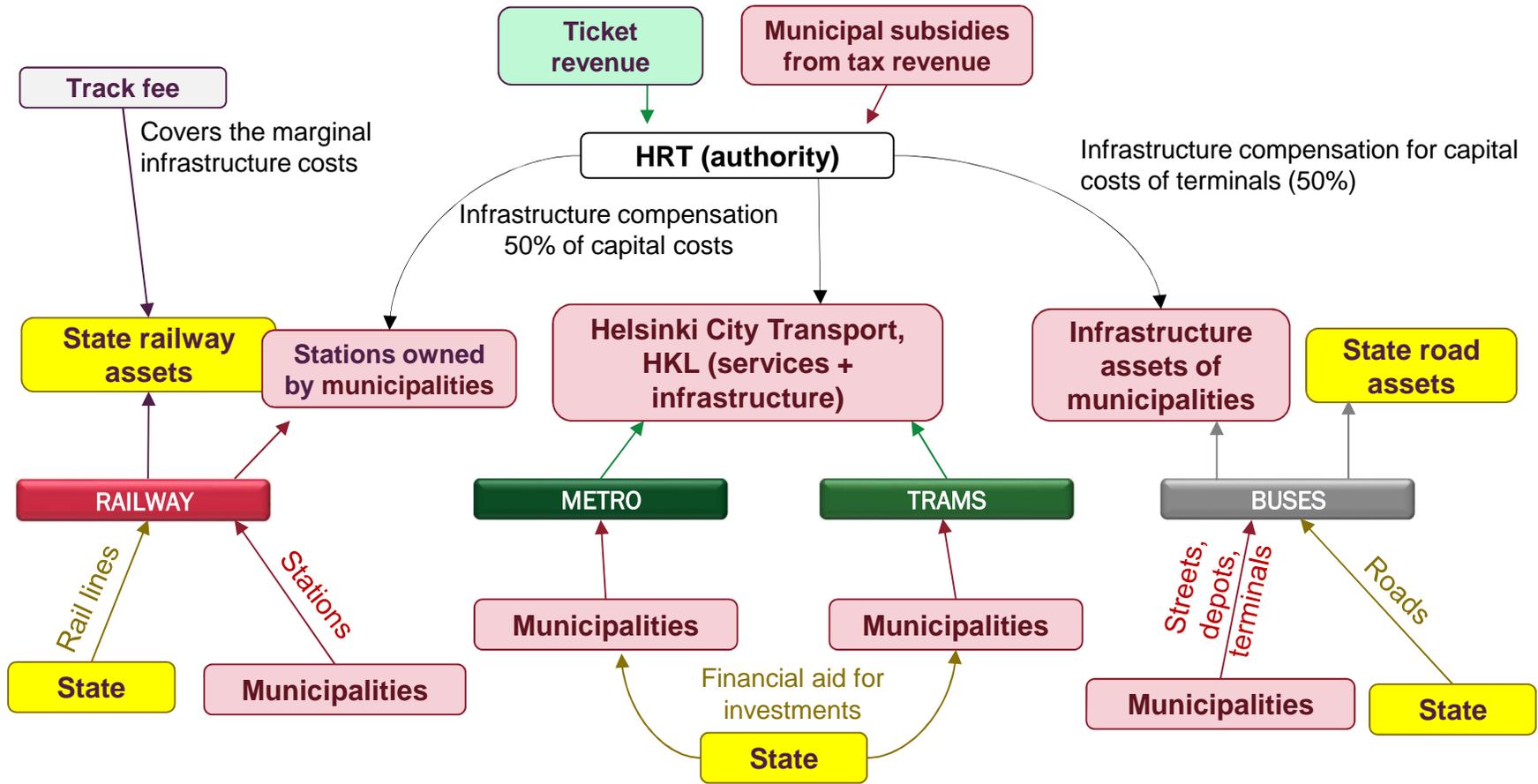


The elements of the funding review



COVERING OF
MAINTENANCE AND
CAPITAL COSTS

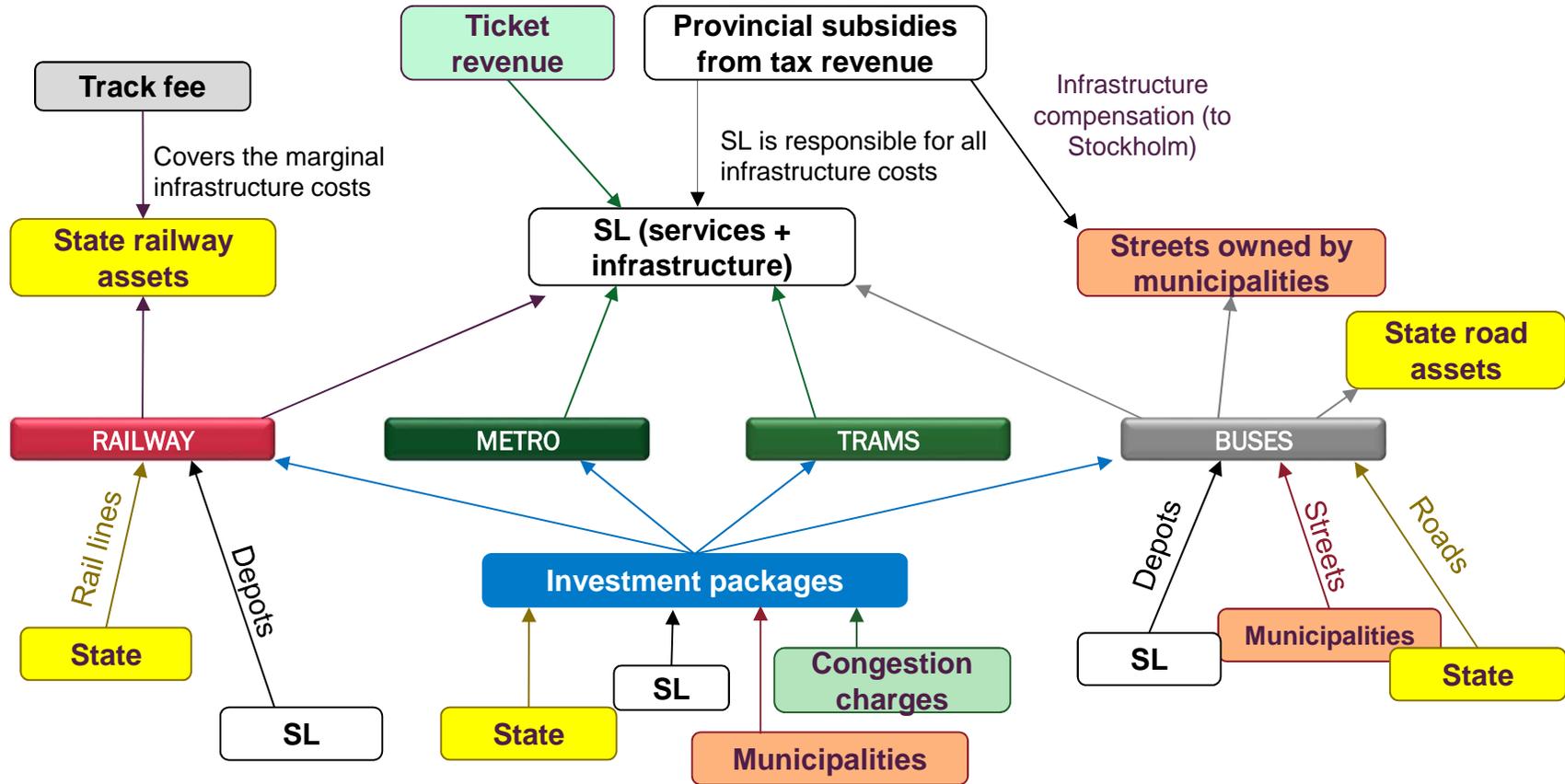
FUNDING OF
INVESTMENTS



HELSINKI

COVERING OF
MAINTENANCE AND
CAPITAL COSTS

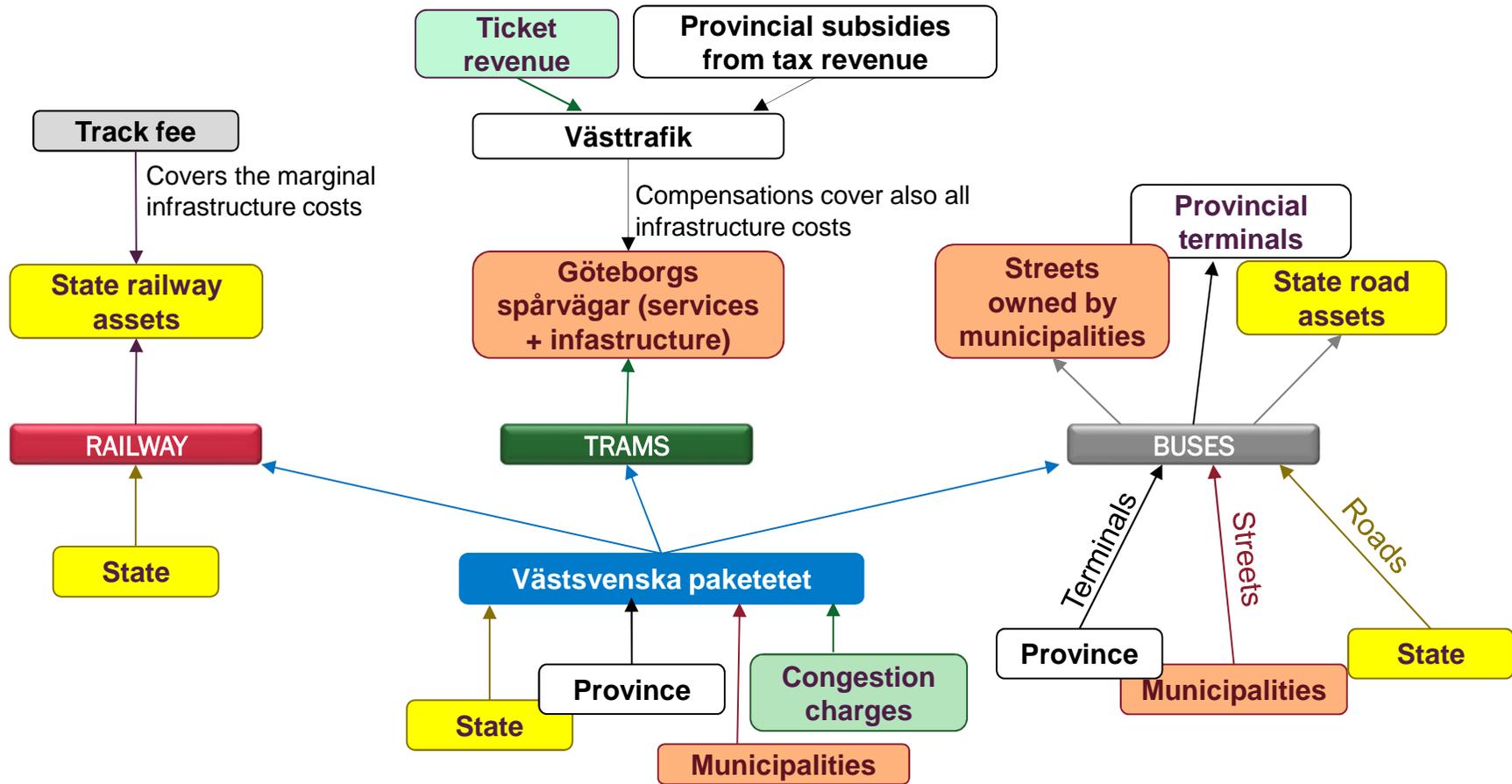
FUNDING OF
INVESTMENTS



STOCKHOLM

COVERING OF
MAINTENANCE AND
CAPITAL COSTS

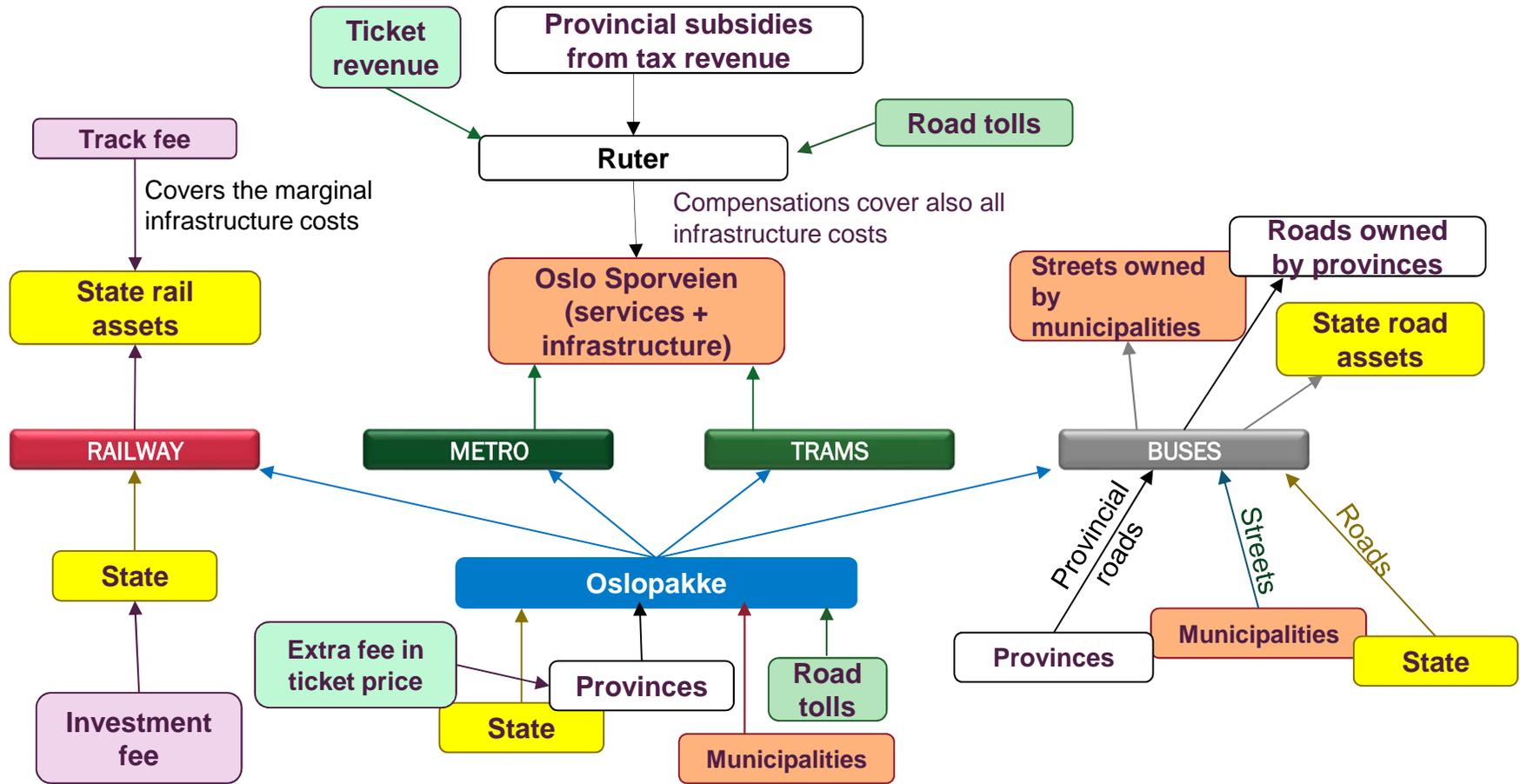
FUNDING OF
INVESTMENTS



GOTHENBURG

COVERING OF
MAINTENANCE AND
CAPITAL COSTS

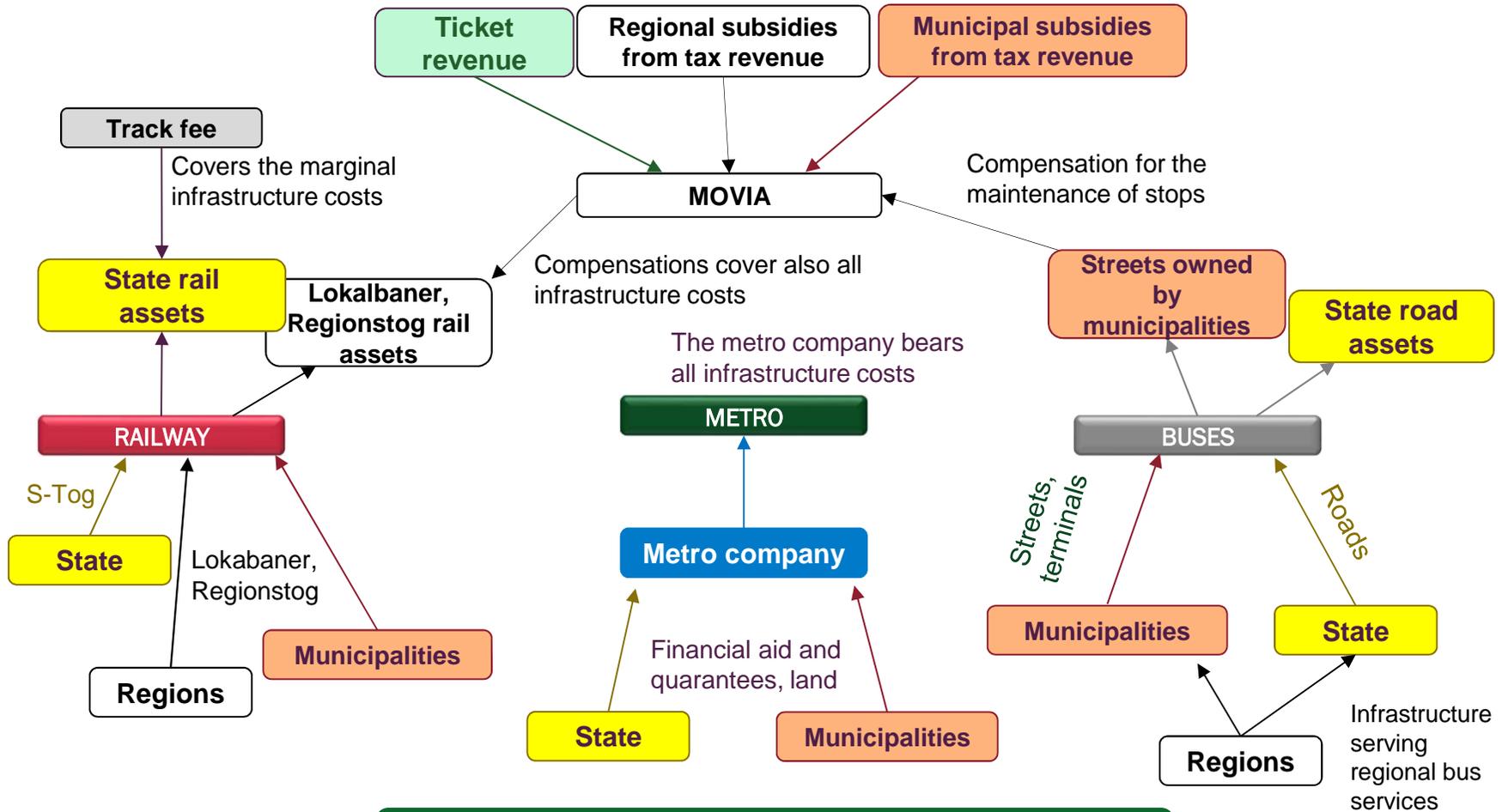
FUNDING OF
INVESTMENTS



OSLO

COVERING OF
MAINTENANCE AND
CAPITAL COSTS

FUNDING OF
INVESTMENTS



COPENHAGEN

Some similarities and differences

HELSINKI

Municipalities invest in railway stations and get infrastructure compensation from HSL for it.

STOCKHOLM

The regional organizer of public transport owns the key public transport infrastructure (costs are covered within the group).

GOTHENBURG

The central city owns the tramway and metro systems. The organizer of regional public transport pays for the maintenance and capital costs for the city (or its company).

OSLO

Part of the price of public transport ticket earmarked for investments.

COPENHAGEN

The construction and administration of the metro are undertaken by a separate publicly owned company. The state is an important owner of the company. A notable share of the capital of the metro company has been generated by handing over land to the company for sale.

Investments are implemented through package agreements. Road charges are one form of funding.

The central city owns the tramway and metro systems...

The capital costs of state railways and state roads as well as provincial and municipal roads and streets are not covered by the user but by the owner (subsidy).

Observations on the investment funding

- One investment project can have many infrastructure owners = funders.
- Funding can be divided **by agreement** also to other beneficiaries of the investment.
- The state aid for the investments owned by the region/city are **case-specific (negotiated)**.
- In the investment packages the contributions are not “earmarked” + congestion charges and road tolls.
- Investment funding is **directly linked to the compensation of capital costs** in the operational phase:
 - Infrastructure compensations to municipalities (Helsinki)
 - Overall compensation (operation plus capital costs):
 - Västtrafik => Göteborg Spåvägar
 - Ruter => Oslo Sporveien
 - Movia => Local rail companies.

Observations on the cost compensations

- Investments in the infrastructure always increase the capital costs of infrastructure.
- The increased costs can be covered by increasing public subsidies or by increased ticket revenue (increased demand + price).
- The capital costs of metro and tram infrastructure are fully compensated by subsidy and PT revenue.
- The capital costs of railways, roads and streets are covered only partly (if at all).

Discussion

- **Transport policy point of view:** The competition between public transport is distorted when the capital costs of urban rail infrastructure are covered in full – while the capital costs of state railways, streets and roads are “hidden” in the public assets
- **Economic transparency point of view:** The urban public transport markets are transparent, because the actual capital costs are shown in the accounts and compensated by subsidies or revenues.
- **Urban development point of view:** PT infrastructure (rails) generate benefits of increased accessibility to land use. That is an obvious source of financing capital costs and could be used more.

- Should also the capital costs of roads, streets and railways be made visible?
- Are the capital costs taken sufficiently into account in the investment decisions (CBA)?
- Should there be more capital cost compensations from the land-owners and property developers?
- Should municipalities (regions) increase their PT subsidy based on wider economic impacts?

Thank you for the attention!

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