

*Daniel Bongardt, GIZ China 2013,  
October 15th, Shenzhen*

Tram

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## **Turning the Trend**

How Germany Succeeded in Financing  
Comprehensive Urban Transport Systems

# Overview

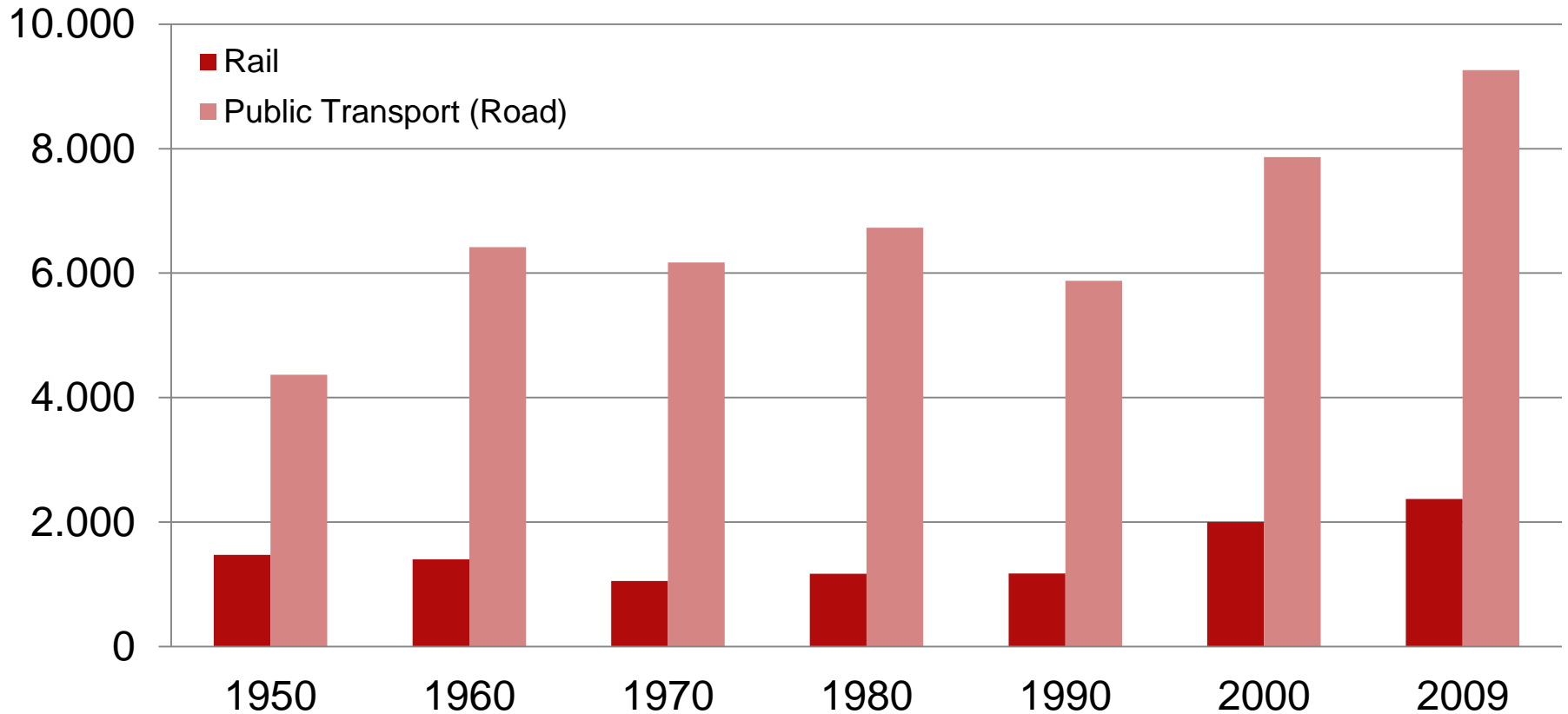
1. Financing Public Transport in Germany
2. Institutional Set-up and Planning Framework
3. Conclusions for China

# Financing Public Transport in Germany



# Public Transport Development

1950-2009, in million passengers



Source: VDV, DIW

1950: Without Saarland and Berlin West  
From 2000: West and East Germany

# Definition of public transport in Germany

## Public transport

= Transport services, that are generally accessible

### Local public transport

Ø travel time < 1 hour

Ø travel distance < 50 km

### Long-distance public transport

coach  
services

long-distance  
passenger  
trains

air  
travel

### Road-bound

bus, tram, light rail,  
underground, ferry

Passenger Transportation Act  
("Personenbeförderungsgesetz", PBefG)

### Rail-bound

short-distance trains (such as  
suburban and regional trains)

General Railways Act  
("Allgemeines Eisenbahngesetz", AEG)

## Federal Local Transport Financing Law (GVFG)

- Started in 1971 as part of a major upgrading in transport infrastructure
- Focus on investments
- Co-financing transport projects by 75% (for East Germany up to 90%)
- Co-financing large scale local rail infrastructure (> 50 mio Euro) by 60%

## Federal Regionalize Transport Law (RG)

- Started in 1993 jointly with major railway reform
- Focus on operational subsidies mainly for regional rail
- 6.5 billion Euro (currently)
- Channeling all funds to the provinces/*Länder* (according to a share based on the number of inhabitants)

# Public Transport Financing in Germany

(in billion €, estimation for 2008)

## Public Investment in Rail

BSchwAG-Anteil SPNV,  
zusätzliche Haushaltsmittel Länder/  
Kommunen, LuFV-Anteil SPNV

0,43

## Public Investment in Bus

GVFG/Entflechtungsgesetz, zusätzliche  
Haushaltsmittel Länder/Kommunen,  
Bundes-GVFG

1,85

## Operation Rail

Verkehrsverträge (ohne  
Ausgleichszahlungen,  
inklusive Trassenpreise)

5,34

## Operation Bus

Querverbund, Verkehrsverträge,  
Beträungen, freigestellter Schülerverkehr

3,05

2,78

## Tax reductions for PT

Querverbundsvorteil, keine USt  
für Verkehrsverträge; ermäßigter  
MwSt-Satz

8,99

## Revenues from operation

Fahrgelderträge  
(ohne Tarifersatzleistungen; SPNV:  
3,14; ÖSPV: 5,55), Werbung, Pacht

2,17

## Subsidies for special tickets (social groups)

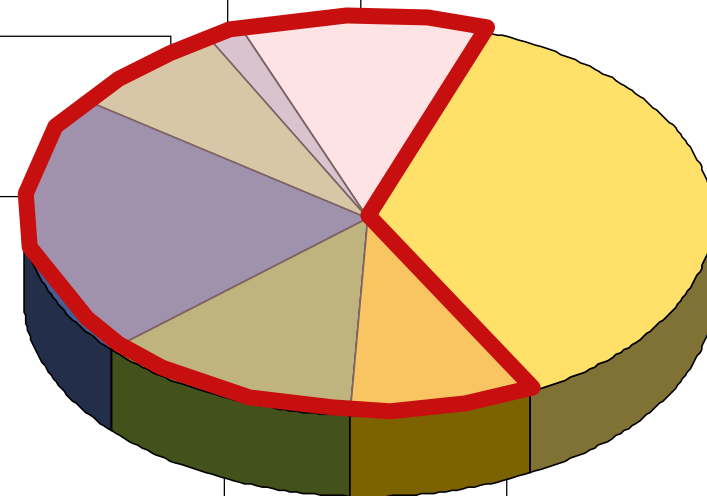
(Sozialtickets, SGB IX,  
Schülerbeförderung,  
Verbundtarif-Förderung)

24,61

Total public transport spendings

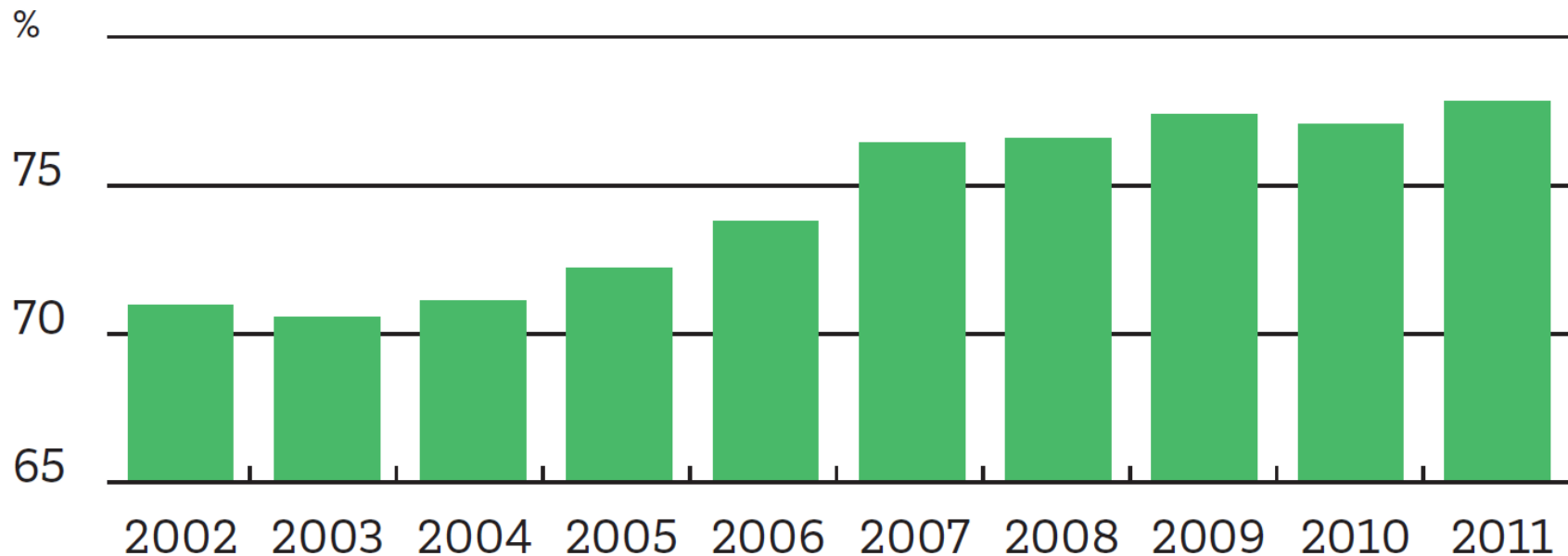
15,62

Share of public funding



# Share of fares in covering operational costs in Germany

Operators perspective without investments and including ticket  
subsidies for students and disabled people



## Case Study: Financing public transport in Frankfurt Overview of revenue and expenditure (2011)

The **total revenue of traffiQ** added up to **223.9 million €**,

- of which 73 % are based on ticket sales
- and 6 % are financed by the City of Frankfurt,
- 21 % are financed by the State of Hesse
- and less than 1 % are financed by the Federal Government.

The **total expenditure** added up to **284.2 million €**,

- of which 20 % are spent on bus services
- and 80 % on light rail and tram services.

The **remaining deficit (60.2 million €)** is compensated for

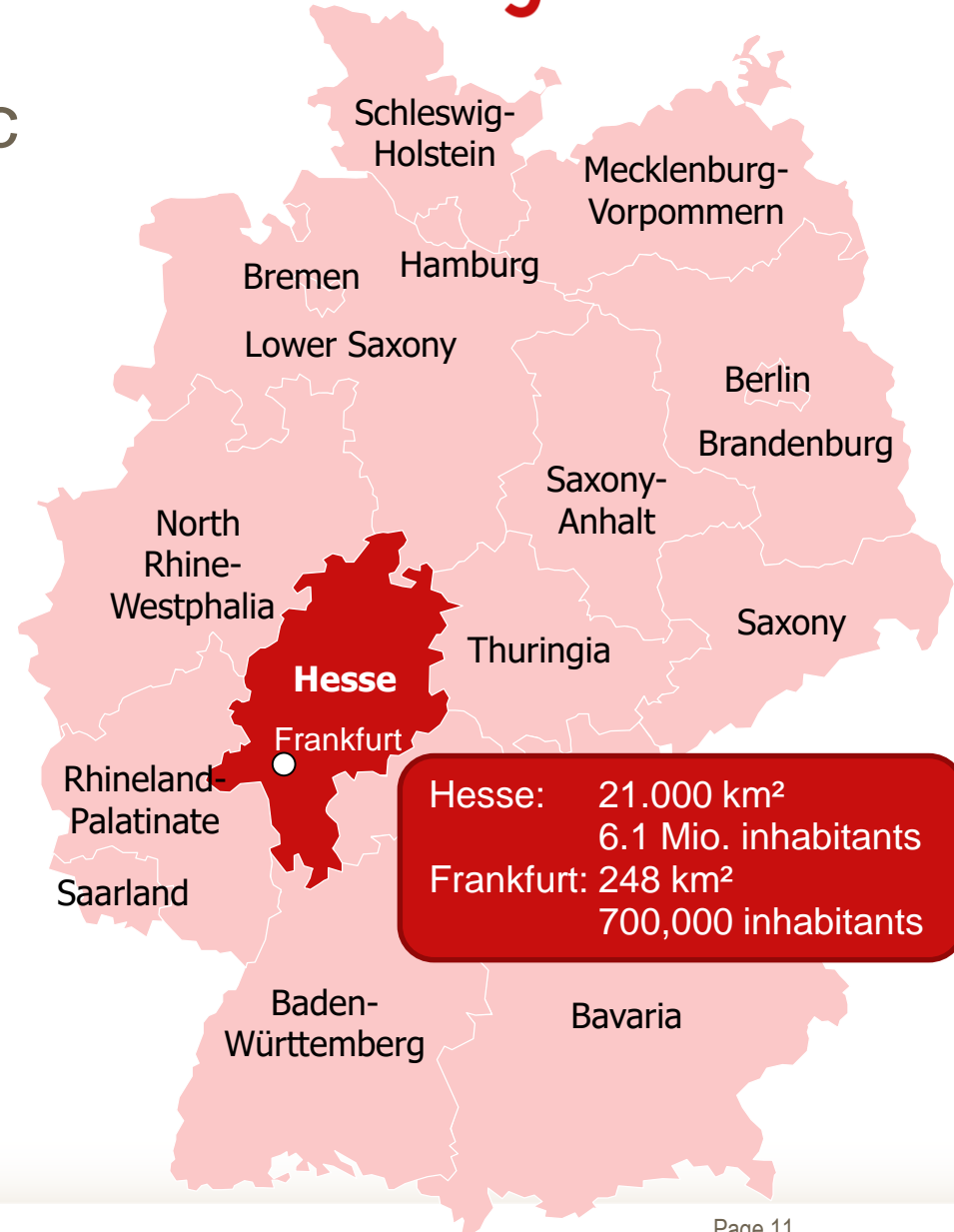
- through cross-subsidisation from other public utilities (40.3 million €, 67 %),
- by subsidies of the city (19.9 million €, 33 %).

# Institutional Set-up and Planning Framework



# Decentralisation of public transport in Germany

- Since 1996, Federal States (*Länder*) are responsible for financing and organising public transport.
- All states – with exception of Bremen, Hamburg and Berlin – delegate responsibility further to urban and rural districts.
- Districts can cooperate or can delegate responsibility to a joint institution (public transport alliance).



# Split of Responsibilities across Government Levels

NATIONAL

Provides **funds** (e.g. from fuel taxes) to provinces for specific programmes and projects  
Defines **criteria** such as cost-benefit analysis, environmental impact assessment, public participation etc.  
Regulates market access of transport operators and minimum standards

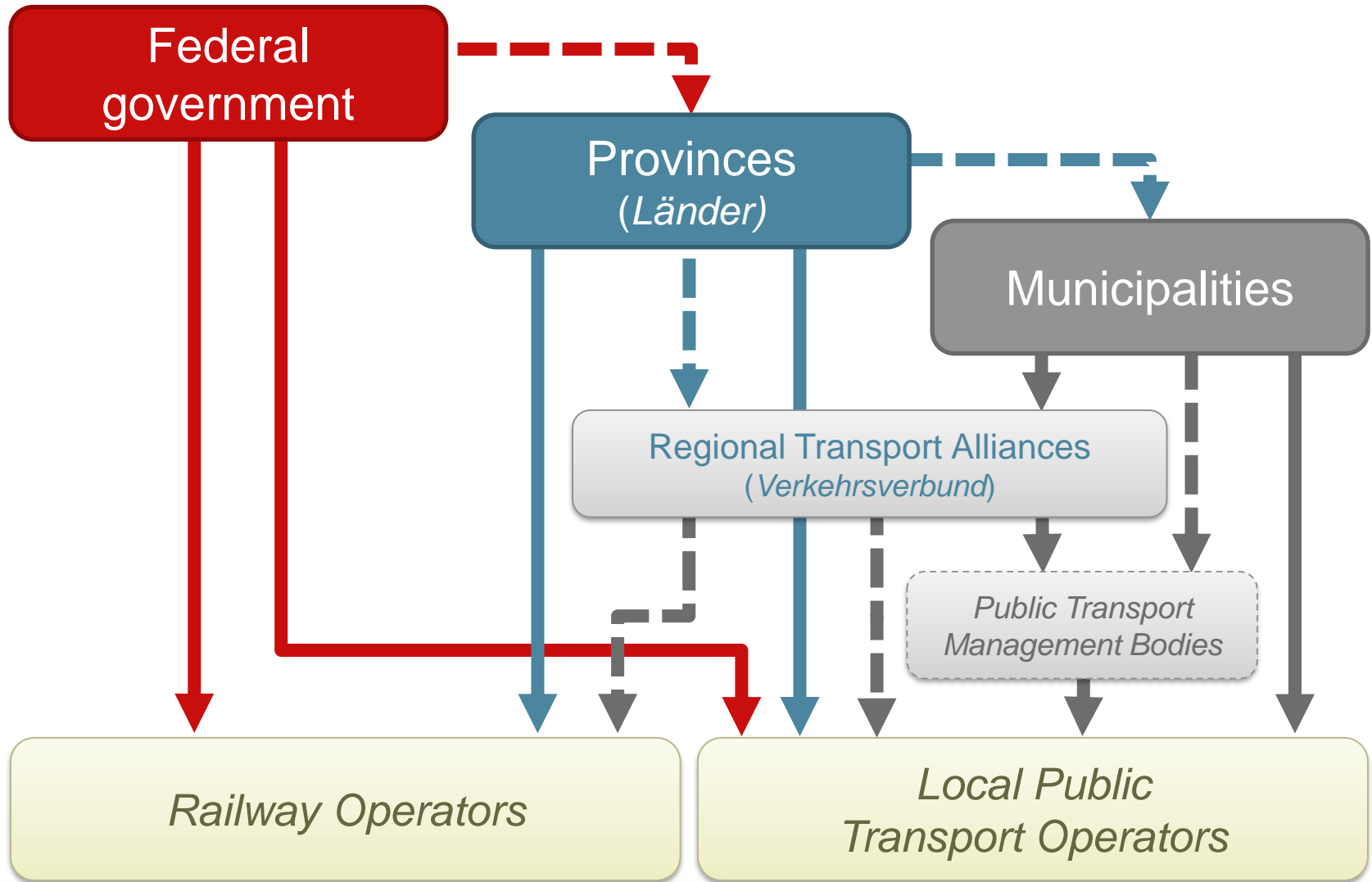
PROVINCIAL

Require comprehensive mobility plans from cities  
Provide funds to cities and identify projects  
Fund regional railways such as S-Bahn (tendering services)  
Initiate *Regional Transport Associations* (Verkehrsverbund)

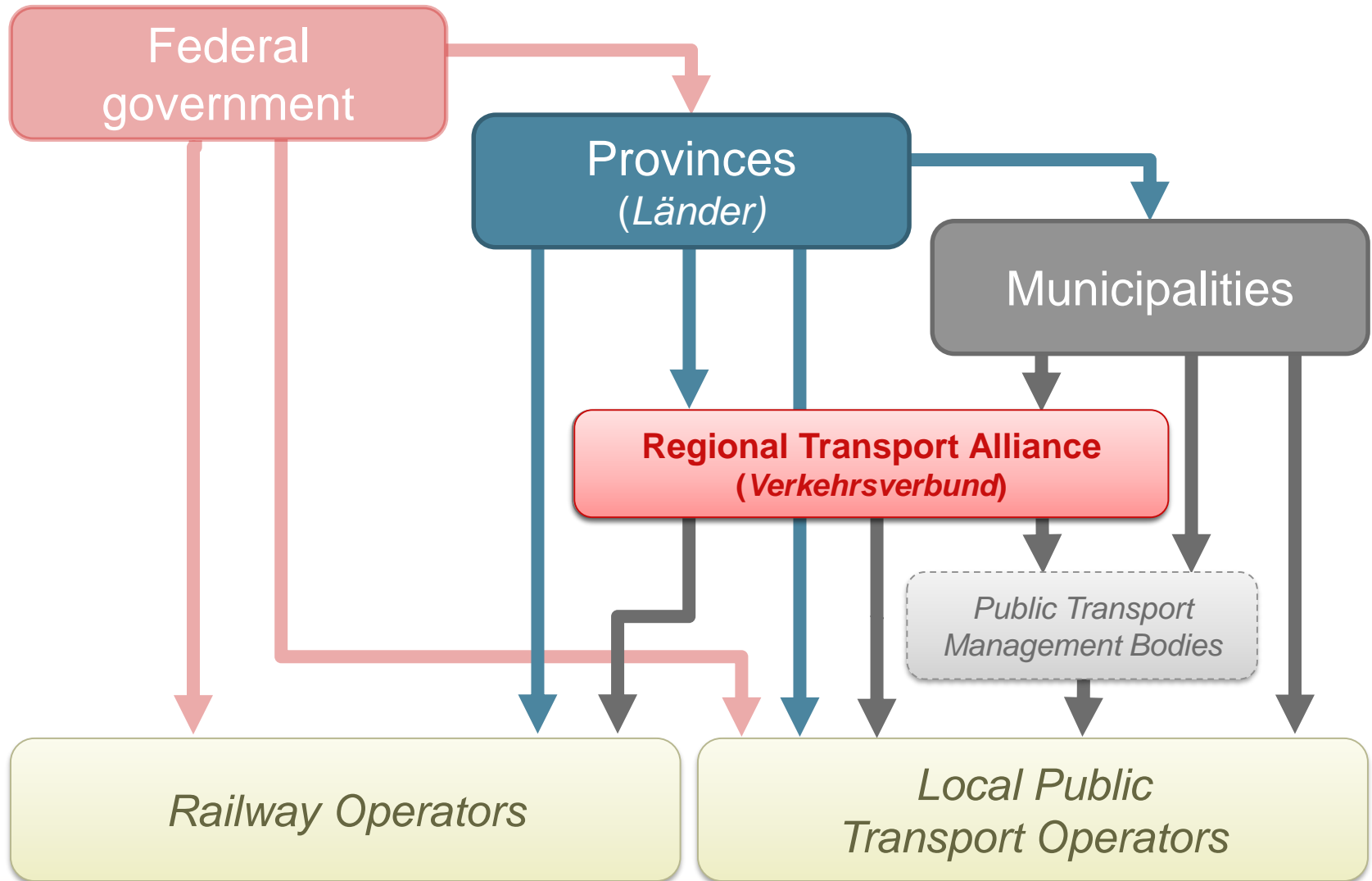
MUNICIPAL

Plan and finance infrastructure projects (with support from provinces) based on regional public transport plans  
Tender public transport services and define quality criteria in service contracts  
Subsidies local transport operators  
Issue special tickets to students and senior citizens

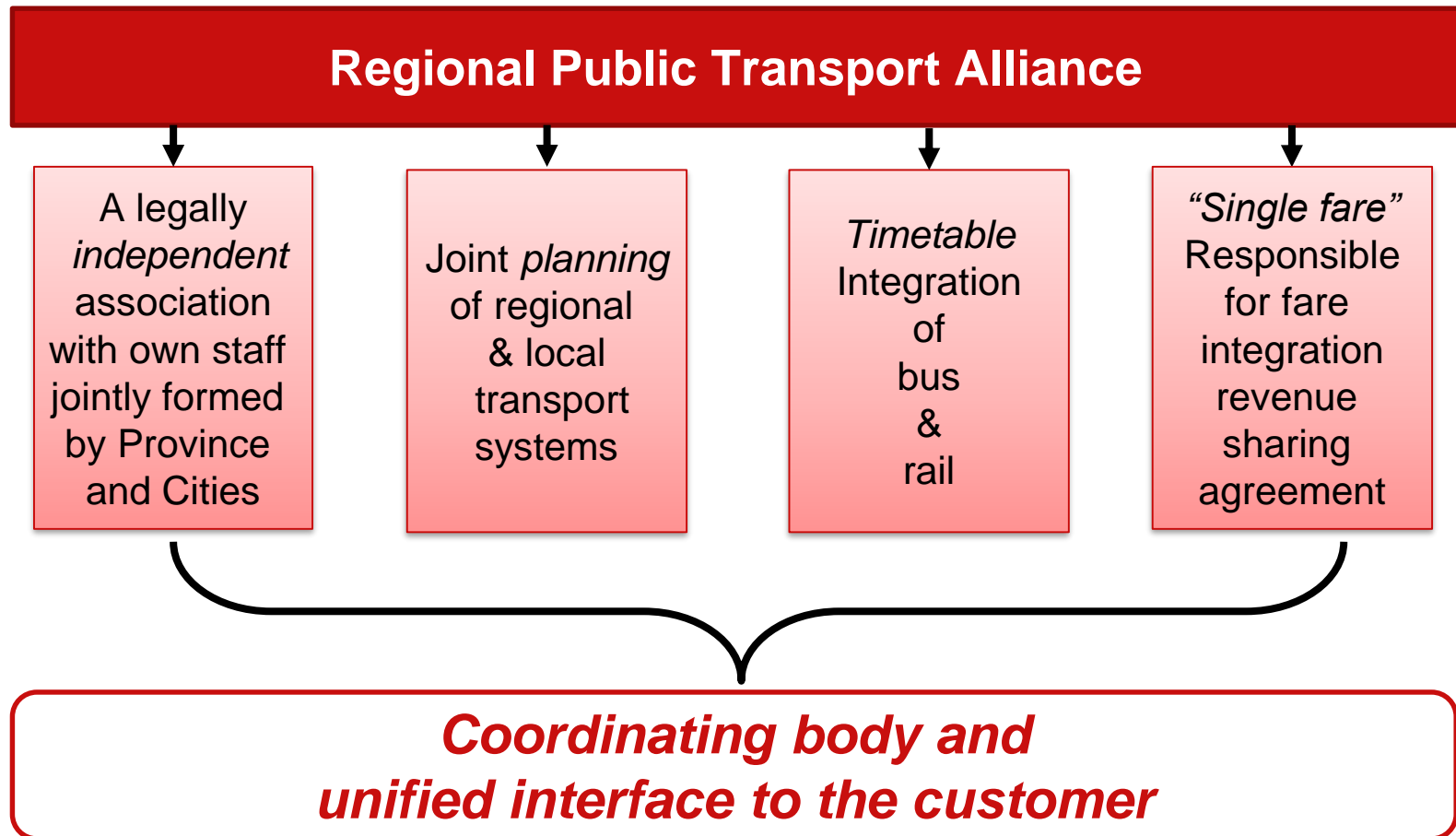
# Institutional Set-up in Germany



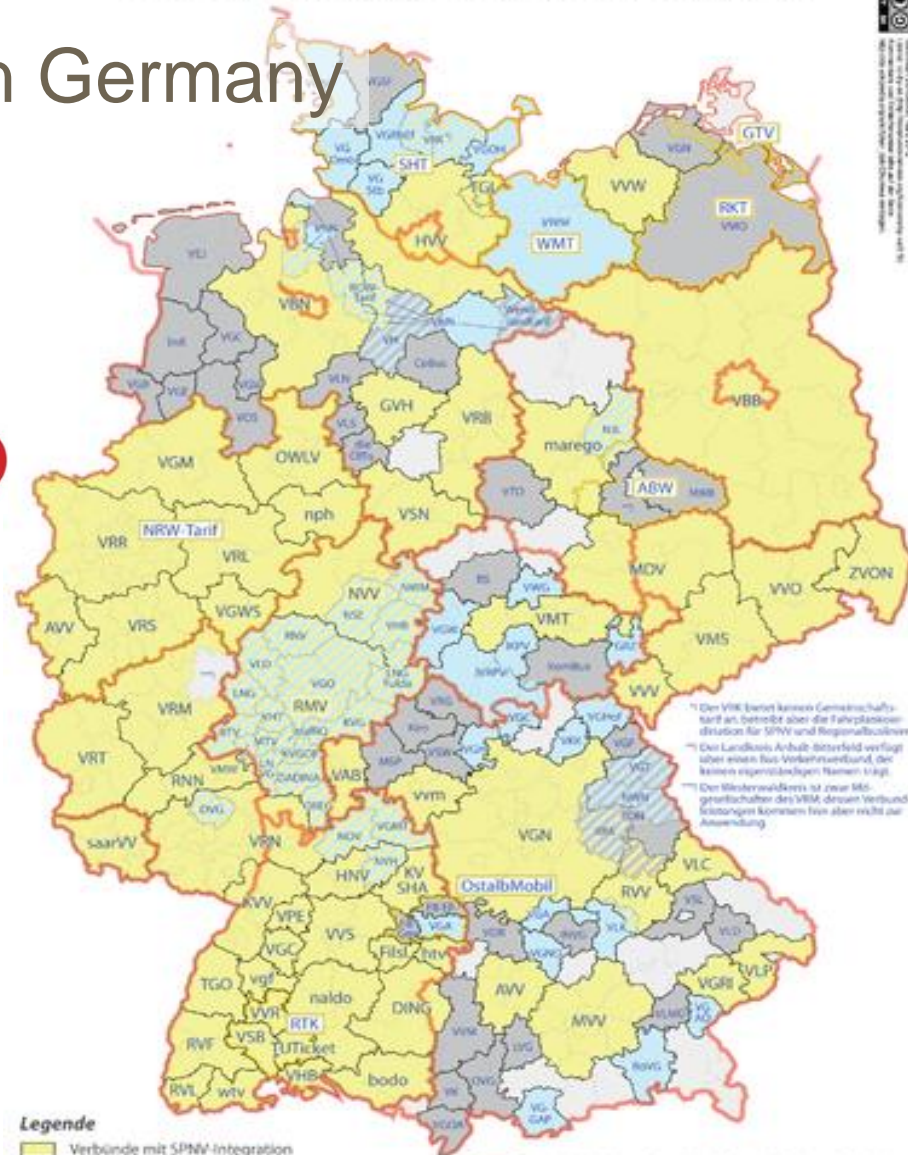
# Regional Transport Alliances



# Features of Public Transport Alliances



# Public Transport Alliances in Germany



<sup>1</sup> Der VRR bietet keine Gemeinschaftstarif an, betreibt aber die Fahrplankoordination für SPNV und Regionalbuslinien.  
<sup>2</sup> Der Landkreis Ansbach-Steinberg verfügt über einen Bus-Verkehrsverbund, der keinen eigenständigen Namen trägt.  
<sup>3</sup> Der Verkehrsverbund ist zwar Mitglied des VBB, dessen Verbundkategorie können hier aber nicht zur Anwendung.



# Summary: Lessons learnt from Germany Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

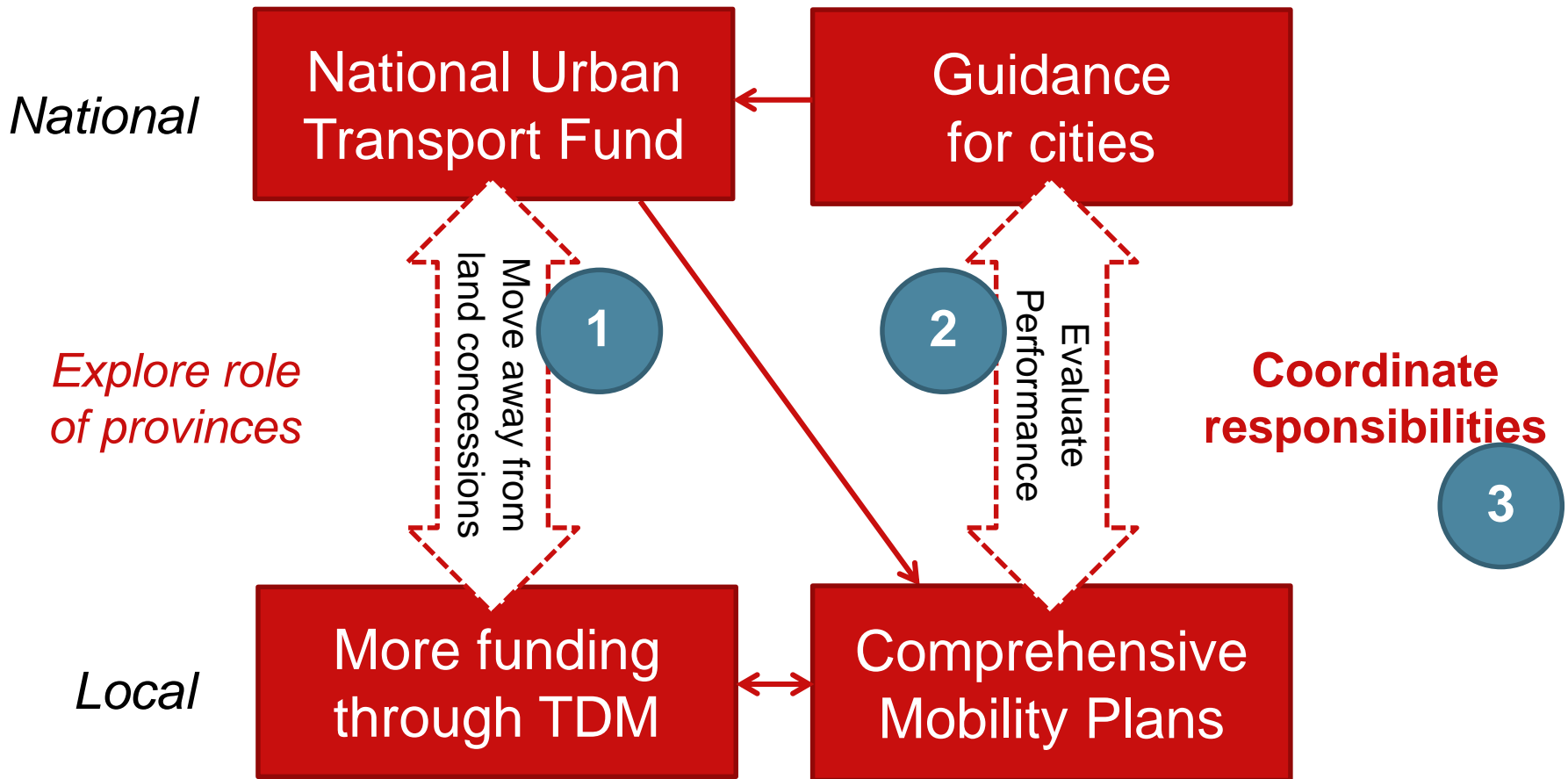
1. Clear split of roles and **responsibilities**;
2. Advanced system of **national, provincial and municipal funding** (initially introduced in 1971 and revised in 1992) ...
  - ... provided reliable long-term budget for high-quality public transport;
  - ... combined with clear procedural requirements, e.g. EIA and CBA
3. A key role for capacity building and service quality is on **regional coordination** through “Public Transport Alliances” (*Verkehrsverbund*);
4. Requirement to develop local **public transport plans** in all cities;
5. Recently, quality became more important. Criteria now ensured through “**Service Contracts**” between operators and municipal authorities;

# Conclusions for China



# Potential Building Blocks

... of sustainable urban transport financing in China



# 3 Leverage Points to Move Ahead

1

## Combination of national-provincial-local sustainable funding mechanisms

- Chinese National Urban Low Carbon Transport Fund
- Land-use/property taxes & transit oriented development
- Transport demand management strategies

2

## Comprehensive mobility planning

- Consolidating existing guidance and policies into a national urban transport policy
- Link funding to comprehensive mobility plans
- Provide capacity building and performance monitoring

3

## Coordinate responsibilities

- Great potential of regional transport alliances for regional integrated transport services
- Unify responsibilities under transport bureaus (including rail)

# Who is GIZ?

## Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German International Cooperation)

German **state-owned enterprise**  
working on behalf of the German government

Operates in **more than  
130 countries** (in  
China for more than 30  
years)

Business  
volume 2011  
**2 billion EUR**  
(31 Mio. EUR  
in China)



International cooperation  
for **sustainable  
development**  
(transport just one sector)



Approx. 17,000  
staff members  
(ca. 180 in China)

# Financing Public Transport Workshop

2-day Expert Workshop in Mutianyu, 1-3 November 2012



*10 Chinese and 10 international experts*



Thank you!

daniel.bongardt@giz.de

[www.sustainabletransport.org](http://www.sustainabletransport.org)

[www.giz.de/transport](http://www.giz.de/transport)

