

HARMONISATION OF THE PUBLIC TRANSPORTATION OF SLOVENIA WITH THE EU: A NEED FOR NEW FINANCING AND ORGANISATION SOLUTIONS

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By joining the EU Slovenia will have to develop a compatible model with the EU in the field of organizing and financing of the public transportation system.

The major part of the Slovenian border falls on Austria and Italy, which have already been members of the EU, having a public transportation system, which is uniformly organized and connected on a territorial principle, the so-called system of regional traffic communications whereas in Slovenia there is momentarily still a classical line system in public transportation.

After the accession of Slovenia to the EU in 2004 cross border passenger transport will, by closing the borders, start to join on meaning, because of the economic-social integration of the cross border regions and centres, such as e.g. Maribor–Graz, Koper –Trieste, Kranj–Celovec (Klagenfurt). This fact will, according to expertise, consequently require qualitatively and quantitatively coordinated and harmonised public transportation services on both sides of the existing borders. Similar positive trends within public transportation are to be expected also with the neighbouring Hungary, also regarded as future member of the EU.

1. Public transportation in Slovenia is being defined by the following most important characteristics:

There is no general law in Slovenia at the moment for uniform regulation of public transportation in the country. There are separate acts, decrees that regulate public transportation of various modes: rail, road, air and sea (shipping).

Basic characteristics of the present system of public passenger traffic and its financing in Slovenia are the following:

- Line ticket system (each ticket is valid separately for a definite drive line and for a particular carrier).
- Carriers, employed in public transportation, do not admit the tickets among themselves.
- For carrying out services in public transportation it is necessary to obtain licence or concession from the city or the state.
- In road transport, public urban and public interurban (line) transport, are separated by law.
- Concession for carrying out the urban public transportation is given on the basis of public tender for a definite period of time, usually for ten years.
- Public passenger transport, provided by the Slovenian railways (within Slovenia) is defined as an element of public welfare. (The state is obliged by law to provide low cost public transport services).
- The (state owned) company, The Slovenian Railways, join – stock company, has been momentarily in the phase of reorganization and privatisation. What is being foreseen is the reorganisation of The Slovenian Railways as holding with dependent companies: for maintenance and modernization of railway

infrastructure (and conducting the railway traffic), the company for passenger transport and the company for cargo transport.

- Public passenger transport in shipping traffic is being carried out according to market (competitive) conditions, based on the agreement with a competent community.
- Public air passenger transport is being carried out under market (competitive) conditions, based on the licence of the air carrier, acquired by the competent state agency.

In Slovenia there is no uniform access to public transportation financing. So in this case, various models of financing are valid at the moment, for various types of public transportation:

- Inner railway passenger transport: prices are controlled by the state. Because of tariffs being set by the state the carrier has the right for compensation (given by the state). With the compensation Slovenian Railways covers the difference between the costs of transport and revenues (out of sold tickets). The amount of compensation is defined through the agreement between The Slovenian Railways and the state and is being paid out on the basis of realised passenger kilometres. Total amount of compensation should not exceed the annual sum planned in the state budget.
- International railway and bus public passenger transport: free forming ticket prices according to international competitive (market) conditions.
- Inner inter-urban public bus transport: from the 1st of September 2001 the registered public transport companies receive subvention from the state in the amount of 13 SIT (0,06 EUR) per km, on registered lines.
- Urban public passenger transport: the transport companies form prices in accordance with the concession contract. The municipality (or the state) can also give to the transport company a suitable donation and/or subvention (for youth school tickets, etc.).

Taxes for the use of infrastructure paid by the public passenger transport companies:

- Annual refund for road usage (buses: number of seats 710 SIT per seat – 3,04 EUR)
- National highway development programme – 20% out of fuel retail price
- Tools for highway usage
- Railway: there is no charge for the use of infrastructure at the moment
- Shipping traffic: a tax for each embarked or disembarked passenger
- Air traffic: air taxes per embarked or disembarked passenger at the airports.

2. Basic characteristics of organising and financing of public transportation in Central Europe (including the two neighbouring countries Italy and Austria) are as follows:

- Zone (cellular) system of covering a definite geographical area with public transportation services, united transport services providers functioning on the basis of uniform tariff and tickets, which are valid (under the uniform conditions) for all providers of public transportation in the region.
- There is a three-level system of organising and financing of public transportation services: municipality (city), region and federal state.

- All three levels are also defining the quality and quantity of public passenger services and are consequently responsible for partial financing of services.
- The level of participation in cost-covering is defined by law for all three levels (Austria, Italy).
- For carrying out the management function such as: planning and scheduling of the transport services, introducing a uniform tariff system on the basis of uniform tickets, introduction of uniform zone system, controlling, financing etc. will be, as a rule, established a business company (a limited liability company – German: Gesellschaft mit beschränkter Haftung (GMBH) in Austria and Italy), which carries out professional activities of public transportation according to the demands of communities (town, region and state).

3. Working concept of a new “regulated – deregulated” model of public transportation in Slovenia

The analysis of various models of organizing and financing of the public transportation services in Europe proves that it is very difficult to select a definite model of public transport and transfer it directly into the specific Slovenian environment and conditions. Therefore, it will be necessary to find the most suitable solution based on domestic experiences and the best practice in the EU, taking into consideration specific Slovenian aims, possibilities and conditions.

By modelling the new public transportation system in Slovenia the following crucial facts should be taken into consideration:

- The quality, quantity, price etc. of the public transportation of the country is defined by a political will to large extent, which however, has not been explicitly expressed and /or explained, in Slovenia yet.
- The backbone elements, crucial for modelling of the new public transportation system of Slovenia are the following:
 1. Passing over on the uniform tariff and zone system.
 2. Determination of the method and volume of partial financing of public transportation out of public budgetary sources.
 3. Introduction of the uniform tickets for various modes of public transportation.
 4. Definition of the number of regions in Slovenia.
 5. Co-operation between urban and inter-urban bus transport services.
 6. Establishment of optimal co-operation between bus and railway public passenger services providers.
 7. Establishing an optimal organizational structure suitable for organization of public transportation services on national, regional and municipal level.

The concept of a new model of organizing and financing of the public transportation in Slovenia is based on the idea to combine basic characteristics (advantages) of regulated and deregulated model of public transportation. The essence of this concept is based on the “basic principle” to enable free competition (market) conditions **as far as possible** and to ensure the intervention of the state **as far as necessary**, for a successful functioning of the public passenger transport system.

The most important condition for the introduction of this model is the introduction of a suitable **information system**, which represents the basis for analysing the volume and

dynamic of passenger flows on individual lines and which is the basis for business decision – making.

The technical requirements for functioning of the system are uniform devices for printing the tickets for all vehicles involved in the public transportation system and a uniform software for data collecting about sold tickets on a particular: selling place for a particular line or a group of parallel lines, time of transportation, type of a ticket etc. Data are periodically sent via media, diskettes, Internet, etc. into a central computer system of a regional public transportation centre, which can calculate (on the basis of analyses) the level of costs covered by revenues from sold tickets. The cost of transport is set individually for each particular transport company up to the level of the individual transport line, if necessary.

It is worth mentioning that Slovenia is small enough to cover the whole state with three to four regional computer centres. The geographical configuration of Slovenia is predominantly mountainous and hilly what enables a limited number of line connections among the cities. This fact is considered as an advantage for the information system because of relatively limited number of possible line connections.

With regard to those lines in which the costs of a transport company (predefined in a concession agreement; the most competitive offer of services on the basis of public tender), **are being covered by the revenues** out of the sold tickets, the market is ruling the further behaviour of the transport company. That means, that the transport company (ies) coordinates the transport services (schedules, etc.) directly with service users. The transport company is being aware of the fact, that the more the services offered matches the demand, the higher revenues of the carrier become. We are aware of the fact, that there will be just a few of such examples.

Concerning those lines in which **the costs of carrying out the transport services are higher than revenues** from the tickets sold and where the local authorities require certain quality and quantity of transport services, the authorities are obliged to cover the difference that has appeared out of the uncovered part of the costs.

In this case the procedure would be as follows: on the basis of one year practical experiences (also based on analytical data that are made possible by the above mentioned information system) the volume of the financial support out of public sources to the transport company **should be fixed** and contractually agreed. **The amount of the financial contribution from public sources to a particular transport company remains unchanged during the concession period agreed upon.**

On this way the transport company is acting as **a partner to the (local) authorities**, which is taking over his part of the risk for successful execution of the quantity agreed upon and the quality of services under the fixed financial support conditions from public sources, up to the expiry date of the concession agreement.

The increase of the quality of services (more suitable schedules etc), which are more and more adapted to the needs of the demand side, the transport company is in a position **to increase revenues** out of sold tickets. The **increased revenues belong to the transport company** as a reward for its improved services. This is the reason why a dynamic and instantaneous adoption of transport services to concrete market needs may be realistically expected.

In the case, when the revenues out of sold tickets (in one or more of the following years) would **decrease, the transport company has to carry the business risk by itself. The financial contribution from public sources remains unchanged** up to the expiry date of the concession agreement.

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