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SUPPORT OF TRANSPORT SERVICES IN THE CZECH REPUBLIC

Vlastimil MELICHAR, Ivo DRAHOTSKÝ

Department of Transport Management, Marketing and Logistics

1. Introduction

The traffic policy of the Czech Republic for the years 2005-2013, passed by the government resolution No. 882/2005 on July 13th 2005, is the basic document for the project for the support of the transport service in the country. Based on this a new concept for the support of the transport service is being put together, as a consecutive document of the Traffic Policy of the Czech Republic in the years 2005-2013.

Reasons for the constitution of the new concept for the support of the transport service are primarily as follows:

- new transport policy approved by the government, containing significant suggestions for the sphere of public transport,
- emergence of a new law amendment for the traffic service in the area of public road and railway transport on the level of European Communities, which deals with the question of the access of individual subjects to the public transport market,
- regionalization of public transport, which led to the occurrence of a new space in public transport and moved most of the crucial authorities as well as responsibility to the sphere of each region,
- the emergence of new integrated transport systems which were supported significantly by transport policy itself and include by it among the important devices for the improvement in the area of public transport.

Public transport is an important part of social policy, sustainable development of capital agglomerations, but also of balanced regional development. Strategies for the support of transport service in the area is therefore focused on the basic questions dealing with the functioning of the public transport system subsidized to great extent by public financial means. Public transport is of significance mainly in the following spheres:

1. **Social sphere** – citizens who do not have a passenger car need to be able to get to work, school, to a doctor or to the authorities for a reasonable fee.
2. **Space sphere** – individual transport is extremely space demanding, especially in cities.
3. **Environmental sphere** – public transport loads the environment far less than individual car transport.
4. **Safety** – public transport is far safer than individual car transport and shows far lower number of accidents.
5. **Regional development balance** – efficient public transport is an important aspect of steady regional development.

Public transport is of great significance to the society in the first place. Nowadays, however, it is necessary to provide public financial compensations for a large number of transport services so that it is able to compete with the individual transport, from the stand of both prices and quality. A suitable means of increasing the public transport competitiveness is primarily the internalization of external costs of individual car transport. External costs of individual car transport are so high that if the transport were loaded by all costs, the cost for transportation by individual car transport would rise to the extent that the ratio between price and quality would be comparable to public transport. Such internalization, however, is nowadays difficult.

2. Current situation in the Czech Republic

Although the potential of transport capacity is developing, the share of public transport in the distribution of transport work in the Czech Republic is constantly on a mild decrease, which in consequence leads to an increased load in the area by the individual car transport. These issues can only be solved by increasing the quality of public transport, which is generally possible only by larger intervention or an improvement of the system's inner function.

Tab. 1 The trend in the position of public transport in the distribution of transport work in passenger transport

Indicator	2000	2001	2002	2003	2004	2005
Course of VAT (bil CZK)	2 189	2 352	2 464	2 577	2 781	2 978
Transport performance of public railway transport (mil. pkm)	7 300	7 299	6 597	6 518	6 590	6 667
Transport performance of public transport altogether (mil. pkm)	14 697	15 209	15 170	15 540	15 427	16 207
Transport performance of regional and long-distance public bus transport (mil.pkm)	9 351	10 608	9 668	9 449	8 516	7 698
On the whole (mil. pkm)	31 348	33 116	31 434	31 506	30 534	30 572
Transport performance of IAD (mil.pkm)	63 920	63 420	65 190	67 360	67 570	68 640
Transport performance of land passenger transport (mil. pkm)	95 268	96 536	96 624	98 866	98 104	99 912
Modal split of transport work between public and individual transport (share of public transport) in %	32,905	34,304	32,532	31,472	30,872	30,598

Source: Transport yearbook

The given numbers show that with the overall increase in the mobility of the population the performance of individual transport is growing even faster while the share of public transport (with the exception of PT) is dropping.

Another determining factor in public transport is the process of regionalization, in which several steps have been taken in 2005:

- financial means have been transferred to the payment of compensations for the operators of the regions as a part of the amount allocated to the regions under the terms of the budgetary tax assessment,

- the obligation to allocate a certain marginal amount for the purposes of public transport has been cancelled and the range of transport service of the region by public transport has been determined by the region council,
- modal distribution of financial means between railway and road transport has been cancelled.

The impacts of such changes will be possible to evaluate only after a longer interval. In any case, however, further regionalization requires some accompanying tools for cohesiveness of the system so that the systems of transport in all regions could be interconnected and thus supported the regional cohesiveness of the country.

Regionalization of the public transport system brings along many opportunities because theoretically, and despite constant share of the regions in the shareable tax yield, it provides a regular increase of financial means which should support public transport, depending on economic growth and inflation. Nevertheless, within regionalization of the public transport system, no unequivocal and explicit responsibilities were given to each level of public administration for the arrangement of public transport service in the country.

In connection with the regionalization which has been carried out, a significant problem has occurred as the competitiveness in the sphere of public transport is increasing because of the way orders supposed to provide traffic service in the area are commissioned to the operators. For future strategic decisions in the sphere of public transport, it will be crucial to determine separate parts of market access regulation and to singularize contracts of public interest from service licenses, which generally follows legal regulations on public commissions. These issues are also dealt with on the European level and are the subject matter of the new upcoming Regulation about public services.

The funding of public transport is possible to divide into four parts which have to be interconnected and form a self-contained whole. They are as follows:

1. Operational barter for the sphere of public transport
2. Investment funding of public transport vehicles
3. Operational funding of the public transport infrastructure maintenance
4. Investment funding of the construction and modernization of public transport roads

The strategy is concerned with the points 1 and 2 and the duties of the system in points 3 and 4, but it also stresses the importance of interconnection between all of the ways of funding.

Operational compensations for the sphere of public transport

The paying off of the compensations to the operators is, in most cases, regulated by the regions. In these reforms, the Czech Republic is far more advanced than for example Slovakia, Poland or Austria.

Tab. 2 The financial compensations in public regional passenger transport of the Czech Republic

Funding (operation losses compensation) of public passenger transport for the whole Czech Republic [mill. CZK]		2003	2004	2005	2006
		Actuality	Actuality	Actuality	Plan
Basic transport service	Public line transport	2 955	3 203	3 691	3 522
	Public railway passenger transport *	2 242	2 243	4 546	4 514
	Student fare for the public line transport	0	98	288	313
	Student fare for the railway transport	0	0	112	149
	IN TOTAL	5 197	5 545	8 637	8 497
Other transport service	Public line transport	302	421	646	361
	Public railway passenger transport	110	113	147	144
	IN TOTAL	412	534	793	505
IN TOTAL Funding of public passenger transport	5 608	6 079	9 430	9 002	
Tariff obligation of railway transport *	2 811	2 481	0	0	
In total including the tariff obligation	8 419	8 560	9 430	9 002	

Source: official figures of the Czech Republic Ministry of Transport, operative reports of the regions

Note: * in the monitored period methodology was changed, the given funds were the compensating payments for the sphere of regional railway transport.

The long distance transport in the region is provided for by the state in form of public service obligation contracts, but only in the sphere of railway transport, namely the fast regional and interregional transport, usually by means of a fast train or an express train. The Czech rule of law does not allow for the state to provide service in the region by public line bus transport in cases when there is no competitive railway infrastructure. Such cases are then dealt with by the individual regions by means of ad hoc contracts, without the necessary interconnection with the factually related system of long-distance railway transport.

Regional transport services are commissioned by the districts or municipalities in an independent sphere of activity. The districts provide basic transport service in their region and the municipalities are responsible for the rest of services, though in some cases the defined responsibilities for both types of transport services can overlap. Railway transport is not usually regionalized on the level of municipalities from the point of funding, the numbers differ in each region approximately to the extent of 0 ÷ 20% of regional bus transport service, all operating costs for the PT is covered by the municipalities. The all in all responsibility of the districts and municipalities is therefore rather significant as the financial involvement is nudging to almost 20 bill. CZK.

Tab. 3 *Funding of public urban mass transport*

Extent of funding [mil. CZK]	2000	2001	2002	2003	2004	2005
Fundings in the PT from municipal budgets	9 875,6	10 391,7	10 795,7	13 311,5	11 639,6	11 8421

Source: official figures of the Czech Republic Ministry of Transport

Nowadays the sources of public transport funding in the Czech Republic are not defined in advance but they are a part of general tax yields of particular levels of public administration, without any special link-up of these funds to the public transport system. For instance, in Germany specific taxes have been introduced, from which public transport should be funded, although the rest of European countries usually funds it from sources which were created by the car transport of the given country.

Investment funding of public transport vehicles reconstruction

Mutual interconnection of the operating financial compensation and the vehicle reconstruction support should, in a standard economical environment, form depreciations, which are an approvable article for financial barter. Many vehicles, however, have already been depreciated and the funds have not been, for various reasons, accumulated sufficiently. The growth of vehicle prices according to their demanded quality has also led

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to the fact that the accumulation of funds from the depreciations cannot cover the purchase of new vehicles. In the field of public line transport therefore is the institute of so-called proportional profit which is used in connection with the investments in the vehicles. Furthermore, for the purposes of vehicle purchase it is possible to obtain some funds also from the state projects for the vehicle reconstruction. Within railway transport state guarantees for the credits are provided from case to case, which in case of one-off grants allow the purchase of vehicles and a subsequent repayment from the compensations each year. In 2006 the reconstruction and regional railway rolling stock reconstruction and modernization support project was used for the first time. It is analogical to the support projects in the public line bus and urban mass transport.

The overall level of vehicle reconstruction underinvestment is very high and therefore it is suitable to consider the use of private capital. The practical solution of these problems is different in each kind of public transport. Namely in railway transport extremely obsolete vehicles are used, as the cumulated rail vehicle investments during the last 5 years have reached only 78 % of the cumulated depreciations in the same period, even if the used vehicles were very old and written-off in comparison to other countries. Furthermore, great contrasts in the interannual railway transport rolling stock investments point out the difficulties with the continual investments in the railway vehicles.

Tab. 4 Public transport reconstruction support projects

Grant amount [mil.Kč]	2000	2001	2002	2003	2004	2005	2006
Projects overall	150,000	363,000	400,000	479,900	400,000	435,745	833,000
public line transport	150,000	213,000	200,000	237,300	200,000	226,915	216,000
public urban mass transport	0	150,000	2000,00	242,600	200,000	208,831	216,000
railway transport	0	0	0	0	0	0	395,000

Source: Official MT of the Czech Republic figurek

Note: In 2000 only the Project of public line bus transport reconstruction support has been carried out in the Ministry of Transport. The system support of urban public urban transport came under the province of the Ministry of Finance.

Considering road public transport the issue is also dealt with only partially and not globally, which is the reason why the level of vehicle reconstruction differs in each region and segments of the market. In the sphere of city public transport the quality of solutions is usually higher. The current vehicle reconstruction projects can experience trouble because of illicit public endowment, and in particular, they do not systematically deal with the issues of railway transport. On the contrary, in some cases they can be a significant factor causing rigidity of the market. The support is insufficiently systematic in other areas of public transport as well and it affects only some of the subjects. These projects are evaluated positively as they have started the car pool reconstruction, but at the same time, the reconstruction is criticized for being rather slow. The process of reconstruction would be faster should the state have a greater interest in the greening of public transport as well as the improvement of the public transport accessibility for the citizens with limited movement and orientation abilities.

Operational funding of transport infrastructure maintenance for public transport

In the Czech Republic, this issue is dealt with in the General plan of transport infrastructure development (GPTID – GEPARDI, which will be replaced by new program in autumn 2007). High quality maintenance of traffic roads is an essential condition for the appropriate function of public transport. From the financial point of view, the traffic road user charges are formed by the interconnection of the points 2.1 and 2.3. In some European countries (e.g. United Kingdom, Germany), it is assumed that the user will pay for all costs associated with the maintenance of the used infrastructure, in other countries the funding is combined partly from the user charges and partly from public budgets. It is usual to pay the variable expenses of the infrastructure via user charges, while the fixed costs are paid directly from the state budget, resp the transport infrastructure state fund.

However, to determine the aspect for the calculation of fixed and variable part of costs is complicated and it can be different depending on the point of view. The fact, which remains a professional issue, is that the costs which are supposed to provide the correct function of the optimal infrastructure have a gradual tendency in relation to transport performance and the methodology of fixed costs calculation is not always the same. This results in the fact that the railway operators pay the largest amounts but the proportional sum of the funds in railway transport obtained from the user charges intended for the costs cover is noticeably lower because of the lower number of transport units which are used in the transport network.

Tab. 5 Comparison of the user charges amount, the maintenance costs and the investment capacity of all types of transport in 2004

L.	Infrastructure fees [in bill. CZK]	Road transport	Railway transport	Notes
1	Railway transport road use fee		5,806	SŽDC income, the consumer fees in road transport amount to approx. 1,488 bill CZK
2	The mineral oil excise tax (percentage part which goes to SFDI and the regions)	13,052 (Most of this amount comes from road transport, from railway transport approx. 2 bill. CZK)		In 2004 20% of the consumer tax was still the income of SFDI, since 2005 it is 9,1%, the rest goes to the regions for the maintenance of the primary and secondary state highway.
3	Tax discs	2,681		Tax disc yield (the income of SFDI)
4	Road tax (usually not pay by the public transport buses)	5,514		Road tax yield (the income of SFDI)
5	Total	27,051		Total of the previous lines 1-4
6	Infrastructure operating costs and maintenance	11,922*	11,415	* to this, it is necessary to add the costs for local roads maintenance (e.g. 1,77 bill. CZK from the Prague budget), telematics, resp. traffic police (analogical to the railway transport operations control)
7	Total costs of the infrastructure operating costs and maintenance	23,337		Total of the line 6
8	Infrastructure investment costs	30,097**	12,054***	** from SFDI 23,260 bill. CZK *** from SFDI 10,750 bill CZK The remaining part of funding: Fund for National Assets, the EU resources, state budget subsidy, loans etc.

Source: SFDI, SŽDC, official figures of the Ministry of Transport

The investment funding of the public transport roads building and modernization

There is a significant factual connection between the points 2.1 and 2.4 as the system can function correctly only if the quality of the transport infrastructure is high. The infrastructure fees, as well as in other EU countries, cannot, however, cover most of the investment needs of the transport infrastructure. This issue is in more detail dealt with in the GEPARDI document, which also includes the question of the use of the EU funds for the transport infrastructure funding.

Further, it will also be necessary to reconcile the planning of the public transport infrastructure investments and the issue of infrastructure ownership. Conceptual documents usually concentrate on the provision of operational barter in which the infrastructure investments mostly do not show. Conceptual documents dealing with the development of the networks, on the contrary, pay considerable attention to the provision of the infrastructure, so that it is able to handle the expansive growth in the passenger car transport. In order to solve this issue it is important to consider the question of regional transport networks.

3. Access to the sphere of public transport on the level of European Union

One of the propositions the European Union has set for its future public transport policy [1] focus is the motto *„the citizens of the European Union deserve an effective transport system which offers high quality and safety“*. An important part of the Common transport policy and the tool for its execution is public transport funding.

The European Union realizes that the passenger transport providers offer services which are, in many cases, unprofitable and therefore, it reckons on providing financial compensations from public funds. The fundamental document for the sphere of regional transport service funding is the Regulation of the EEC Council no. 1191/69, which nowadays amends not only the commissioning of the public services obligations by the authorities of the member states but also the public service contracts. The mentioned enactment does not specify a way in which public commissions for services should be granted, nor deals with the question whether or not they should be the subject of selective procedures. Nevertheless, community law contains an amendment of selective procedures in case of service licenses (Directive 2004/17/EC).

The current EEC Council enactment thus does not comply with present needs. Therefore, the Council has prepared a new regulation motion. Its third revised version (COM/2005/FINAL) was presented to the European Parliament on July 22nd 2005. The Regulation significantly restricts the possibility to deposit the public service obligations only to the cases of tariff obligations, and it determines obligatory public service contracting in case of grant against performance service provision in the public interest from the authorized body, in the form of financial compensation or the exclusive right. The Regulation will newly amend the ways of transport services commissioning and the methods of compensation determination. The Regulation starts with the regulated competition principle and therefore, the general rule will be that the transport services commissions will be placed in the form of competitive

tendering. Direct placing will be allowed only in enumerately defined cases. In the current stage of negotiations it is assumed that in case of placing of the order to an internal operator, in case of a limited extent of the order, or if the transport services providing should be stopped or directly endangered, direct placing will be possible. In railway transport, orders may be placed directly in case of regional or long-distance service. The amount of the compensation granted will be limited by the amount necessary to cover the net costs spent for the transport services, while related incomes and commensurable profits will be considered. Additional criteria used for the determination of the compensation amount will be amended in case of direct taxation. The amendment will also determine the maximum duration of public transport contracts, for railway and road transport separately.

Within the international passenger railway transport, its deregulation since January 1st 2010 is proposed in the third railway package. During the second reading of the package in the European Parliament, it was assumed that till 2017 free access to the market, even in the case of intrastate transport, will be possible. In future, free access to the intrastate transport market is considered. Legal relations in the international road transport are amended by the Regulation no. 684/92 of the EEC. According to this regulation, any operator, providing that they comply with the conditions, may run international bus transport without discrimination.

Though the final text of the new Regulation has not been passed yet, it is beyond doubt that in future the regulation of transport service commissioning will be tightened, as well as the determination of the compensation amount for their providing. The Czech Republic will have to adapt quickly to these changes.

Lectured by: doc.Ing. Jozef Strišš, CSc.

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Resumé

PODPORA DOPRAVNÍCH SLUŽEB V ČESKÉ REPUBLICE

Vlastimil MELICHAR; Ivo DRAHOTSKÝ

Příspěvek se zabývá podporou dopravních služeb v osobní dopravě, která představuje důležitou součást sociální politiky, vytváří předpoklad pro udržitelný rozvoj sídelních aglomerací, ale zároveň regionální rovnováhu, přičemž také podněcuje ekonomický růst.

V kontextu s uvedeným vyvstávají problémy týkající se financování veřejné dopravy, úhrady závazků veřejné služby, zajištění podpory pro obnovu a rekonstrukci vozového parku, ale zároveň údržbu infrastruktury. Přitom řešení problémů musí být v souladu s principy a zásadami dopravní politiky, i s legislativou České republiky a Evropské unie. V textu je předkládána analýza současného stavu a návrh možných řešení dané problematiky.

Summary

SUPPORT OF THE TRANSPORT SERVICES IN THE CZECH REPUBLIC

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The article aims about support of transport services in the Czech Republic. Public transport is an important part of social policy, sustainable development of capital agglomerations, but also of balanced regional development. We must solve problems relating compensations for the sphere of public transport, funding of public transport vehicles reconstruction, funding of transport infrastructure maintenance for public transport, investment funding of the public transport roads building and modernization. The solution of all mentioned problem must be consistent with Transport Policy and legislation of Czech Republic and European Union.

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Zusammenfassung

DIE FÖRDERUNG DER VEKEHRSDIENSTLEISTUNGEN IN DER TSCECHISCHEN REPUBLIK

Vlastimil MELICHAR; Ivo DRAHOTSKÝ

Der Beitrag befasst sich mit der Förderung der Vekehrsdienstleistungen in dem Personenverkehr, der der wichtige Teil der Sozialpolitik vorstellt und der die Voraussetzung für die vertretbare Entwicklung der Besiedlungsagglomerationen vorbildet, aber zugleich die regionale Gleichgewicht, wobei auch der Verkehr stimuliert das Wirtschaftswachstum.

Im Kontext entstehen die Probleme, die der Finanzierung des öffentlichen Verkehrs, der Abzahlung der Verpflichtung der öffentlichen Dienstleistung, die Sicherung der Förderung für die Erneuerung des Fahrzeugparks, aber zugleich der Erhaltbau der Infrastruktur betreffen. Dabei die Lösung der Probleme muss in der Abstimmung mit den Prinzipien und den Grundsätzen der Verkehrspolitik, aber auch mit der Legislative der Tschechischen Republik und der Europäischen Union. In diesem Text ist die Analyse des gleichzeitigen Zustands und des Vorschlages der möglichen Lösungen der Problematik vorgeschlagen.

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