



OUR
PUBLIC
TRANSPORT

PEOPLE'S PUBLIC
TRANSPORT POLICY

THE PANDEMIC, LOCAL PUBLIC TRANSPORT FUNDING AND UNION RESPONSES

PART I:

The Global North



This report was written for the ITF by Wol-san Liem, Vice-Chair (Road) of ITF Urban Transport, to inform proposals on public financing, and as a contribution to the People's Public Transport Policy (www.OPTpolicy.org). It should be read together with Part II focusing on the Global South.

The ITF's Our Public Transport (OPT) programme promotes a social model of public transport. A social model includes organisational and employment rights for workers and requires that any expansion of public transport guarantees decent jobs.

OPT:

- works in target cities to strengthen the voices of workers in the development of new urban transport modes, including bus rapid transit (BRT), and in negotiating the transition from informal to formal work
- campaigns to improve working conditions for all public transport workers – informal transport workers in particular – through increasing their industrial power. This includes building union networks in public transport multinational corporations, developing alliances with passengers, communities and other organisations and promoting women's employment in public transport
- works to develop an alternative public transport policy – one that is built on public ownership, public financing, decent jobs and union rights for workers

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I. EXECUTIVE SUMMARY

INTRODUCTION

Local public transport (LPT) services are shaped by a global economic system defined by systemic inequality between and within countries and other structures of oppression, all exacerbated by the Covid-19 pandemic. Depending on how LPT systems are planned and funded, they may exacerbate inequalities or contribute to overcoming them. This report takes the perspective that union policy proposals and campaigns should consciously aim to make LPT a force for combating economic and social inequality, particularly during the pandemic. It looks specifically at the way emergency funding for LPT has been provided during the pandemic. It also investigates the potential for developing sustainable funding models, using a broad concept of sustainability that includes redistributive, environmental and social justice goals.

THE ECONOMIC IMPACT OF THE PANDEMIC ON LPT SERVICES

LPT ridership has plummeted since the beginning of the pandemic, with cities experiencing up to 90 or 100 percent decreases. Recovery has varied globally. The overall trend, however, is a clear preference for avoiding LPT by those who can do so, even as many have no other choice but to continue use. The decrease in public transport use has meant a massive loss in revenues from fares, at the same time as income from dedicated taxes and local government subsidies has dropped. Together with increased operating costs related to the Covid-19 response, this has led to huge budget shortfalls. Experts predict LPT systems will face shortfalls of roughly EUR 40 billion by the end of 2020 in Europe and between USD 26 to 40 billion in the United States by early 2021. These numbers are expected to increase.

The financial impact of the pandemic is already having a huge impact on workers and passengers. In the US, Canada and the United Kingdom, workers have already experienced temporary layoffs (furloughs) and some permanent job cuts, with the direct and indirect impact on employment expected to be much greater in the future. Present and future services cuts are likely to disproportionately impact the users most dependent on public transport, including low-income groups, people of colour, women, the young and the elderly.

NATIONAL LPT FUNDING – MAIN ISSUES

Where emergency funding is being provided

Emergency funding for LPT is being provided to a much greater extent in developed economies than developing economies. This is because of the difference in the organisation of LPT systems, and due to the ‘fiscal stimulus gap’ between low-income and high-income countries.

Entities receiving funding

Generally, public transport authorities (PTAs) and public transport operators (PTOs) in both the public and private sector are receiving funding, although in some cases private operators, especially those which do not have government contracts, are being excluded. The way funding is determined and allocated depends on the organisation of the system. In North America, PTAs, which operate the bulk of systems directly, receive funds and reallocate a portion to smaller PTAs and private contractors. In some major cities, such as Paris and London, political agreements have been reached for funding for particularly important PTAs. In the UK, buses in deregulated systems receive funds directly.

Calculation and distribution of funds

The formulas by which funding amounts are calculated and technical means of distribution differ among countries. Once funding is agreed upon, most countries are seeking



to make it available as quickly and with as little complication as possible. Countries across Europe are allowing for distribution of funds first based on estimated service levels followed by reconciliation of amounts after the grant period is over. The US required the submission of receipts for release of funds with relaxed criteria for budget projections and use. Delays in distribution have occurred due to the need to get approval from the EU and where provincial governments are required to provide matching funds, as in Canada.

Use of funds

Emergency funding is being provided and used to cover operating costs. For the most part, funding has been used in workers' interests – to cover labour costs and keep people employed, or to make up additional health and safety costs. In Italy, one third of funding was designated for increased services to enable social distancing. In the US, unions had to campaign to win adequate PPE and other safety measures for workers.

Social conditions attached to funding

In general, few social conditions have been imposed in conjunction with LPT emergency funding, other than the maintenance of a certain level of services. Oversight mechanisms have been streamlined, reflecting a need for rapid execution and trust that public entities will use funds correctly. A few important exceptions exist. In the US, Federal Transit Act Section 13(c) labour protections apply to Cares Act funding. The government of the Netherlands requires that PTOs receiving funds suspend dividends payments to shareholders and bonus and severance payments to directors. Bus operators in deregulated systems in Scotland, Wales and England outside of London who receive aid cannot raise fares and must work closely with PTAs to plan routes and services. Stakeholder consultation processes have been instituted in the California Bay Area and Scotland. The OECD Trade Union Advisory Committee (TUAC) has proposed a list of

conditions that should apply to emergency funding for private companies that could serve as a starting point for envisioning sustainable and socially just LPT in the Covid era.

Funding and restructuring

There are many instances where governments are using funding as an avenue to implement the downsizing of LPT systems, including the aid packages for PTAs in London, Paris and Ontario and the funding for PTOs throughout the Netherlands. In the United States, Cares Act funding is running out and PTAs throughout the country are predicting extensive cuts to services, jobs and capital investments in 2021 and beyond.

FROM EMERGENCY TO SUSTAINABLE FUNDING

Economic crisis, inequality and social justice

Economic recovery from the current crisis is projected to be drawn out, unstable and uneven. The OECD's most recent Economic Outlook predicts output in most countries will still not have returned to 2019 levels by the end of 2021, even if vaccines are widely available in the second half of the year. Recovery is expected to take much longer, if it comes at all, for developing countries, certain economic sectors and low-income groups. Many refer to this phenomenon as a K-shaped recovery. In the context of a long-term economic crisis, union demands for emergency funding will have to evolve into proposals for sustainable funding structures grounded in recognition of the inequalities among countries, workers and users, and taking an approach that emphasises redistribution, social solidarity and social justice.

National government funding, debt and international solidarity

National government support for LPT in normal times varies considerably from country to country, but is generally limited



to concessionary fares and infrastructure costs. One exception is Italy, where the national LPT Fund covers 55 percent of operating costs. Given the pressure on LPT systems and loss of other revenue sources, unions are currently engaged in campaigns to win increased national government subsidies for operating costs. These demands should be made from a macroeconomic perspective that takes into consideration the needs of other sectors (like healthcare) and the social value of LPT. Options for increased central government support include reallocation of funding for roads, changes in tax systems and increase in the national debt.

Developing countries are much less able to use debt financing to support LPT or other public services. The monetary and fiscal policies being implemented in developed countries, and which labour movements in these countries are calling for, are not only not available in developing countries, low interest rates and quantitative easing exacerbate vulnerabilities in the developing world, including a build-up in public and private sector debt, a higher percentage of debt held by private instead of official creditors and higher debt servicing requirements. This means that achieving monetary support (increased IMF special drawing rights), funding for public services from development banks and debt forgiveness for developing countries is ultimately a prerequisite for making LPT funding sustainable at the global level and should be the focus of international solidarity.

Sustainable funding structures, redistribution and social justice

In addition to farebox recovery ratios, debt levels are also an important element in determining if an LPT system will be able to weather the crisis and avoid widespread cuts to jobs and services. For example, despite having a relatively low farebox recovery ratio, the New York Metropolitan Transportation Authority (NYMTA), whose debt servicing costs are expected to reach 25.7 percent of revenues next year, is proposing 40-50

percent cuts in services and the elimination of over 8,000 jobs.

Given the financial pressures on LPT systems, there is a move to increase fares in some cities, including New York, London and Seoul. Other cities, including Los Angeles, Paris and Glasgow, are expanding fare free services for vulnerable groups or considering fully-free LPT. While some adjustment in fares systems may be necessary, fare increases risk shifting the burden for LPT costs onto low-income and disadvantaged groups and leading to a further reduction in ridership. Fare-free public transit, particularly for disadvantage groups, is a powerful means to achieve LPT's redistributive potential, although the feasibility will differ based on a number of conditions.

A wide range of local funding sources can be considered in the development of sustainable funding models. LPT funding should aim to redistribute benefits from high-income/high-mobility groups towards low-income/low-mobility groups and support LPT use while requiring car users to pay for their social costs. New funding sources should be based on contributions from groups that are relatively less impacted by the economic crisis, including large property owners, developers and large employers. When structured correctly, value capture mechanisms meet these principles, while being less likely than other sources to suffer a significant contraction during the pandemic. Charges to road and individual vehicle users can encourage LPT use but should be evaluated carefully for potential negative impact on low-income groups.

Given the fact that the labour costs make up the largest portion of operating costs, pressure is likely to mount on LPT workers to accept pay freezes or worsening of conditions during the pandemic. Directly-employed LPT workers, particularly those employed in the public sector, tend to make wages well above the national average in developed countries, while precariously-employed workers and workers in the private



sector make substantially lower. Solidarity between these groups of workers is needed to ensure that all jobs in the sector are good jobs. LPT unions can consider bargaining demands and strategies that aim at equalising and raising the floor for all workers, rather than prioritising the wages and conditions of directly-employed workers.

FURTHER CONSIDERATIONS FOR SOCIAL JUSTICE AND SUSTAINABILITY

Protecting the most vulnerable and remunicipalisation

A social justice perspective requires that unions pay special attention to protecting workers in the private sector who are usually more vulnerable than public sector workers. This may mean siding with private operators to press for government support. Moving forward, unions may be faced with the question of whether to seek further government support for private operators or push for remunicipalisation. As can be seen in the cases of PTAs in the US and Canada, public ownership does not make LPT systems immune to cuts to jobs and services, although it can offer the possibility of more public oversight, cost savings and job protection in the long run. Any calls for remunicipalisation during the crisis will need to include clear proposals on transfer of jobs and conditions as well as sustainable funding models.

Privatisation pressures

Another possibility is that the crisis will result in further pressures to privatise. Hints of this are appearing in North America, where multinational LPT operators have come together in an alliance to promote themselves as a solution to the crisis faced by public LPT systems. Global experience demonstrates that outsourcing LPT services to the private sector generally means inferior services, more safety risks, worse pay and conditions and insignificant cost savings. Unions must prepare themselves for fights to keep services public tied to fights for sustainable funding models.

Green transition and digitalisation

Arguments for public transport-oriented stimulus are supported by the goal of a green transition for the transport industry. Growing interest in walking and cycling infrastructure, as well as other forms of micro- and e-mobility, has been a feature of the pandemic. Micromobility can complement and even stimulate LPT use, but without proper planning and coordination it can also become a competitor. Unions need to monitor the expansion of micromobility and introduction of Mobility as a Services (MaaS) to be able to respond to threats and the likely expansion of private involvement in the name of green transition and digitalisation.

Job creation

Emergency funding for LPT has to this point been less about stimulating the economy than about relief. Moving forward, however, governments will shift their focus to spurring economic growth and employment. 'Stimulus' is normally associated with investment in roads. Research shows, however, that investment in public transport – particularly operations and maintenance – may be more beneficial to the economy than funding construction for 'shovel ready projects'. Moving forward, unions will need to make concrete assessments of the overall employment impact of different forms of LPT investment.

Participation and oversight

Going forward, unions will need to fight for the right of workers and the groups of users most dependent on public transport to participate in discussions on LPT funding, planning and oversight. This requires continuous consultative processes that solicit feedback from frontline workers and the people who use public transport every day and introduction of structures that include unions in economic decision-making at all levels. In order for unions to make demands for such procedures and structures, however, we need to be clear about what we are going to put on the table once we are seated at it.



RECOMMENDATIONS FOR SUSTAINABLE AND SOCIALLY JUST LPT FUNDING

1. Timely, fair and sufficient emergency funding for LPT services
2. Emergency funding for all PTAs and PTOs
3. Conditions and oversight to ensure emergency funding is used to protect workers and users
4. Resistance to privatisation; consideration of remunicipalisation together with sustainable funding models and protection for workers' jobs in the transition
5. Sustained national government funding for operating costs to support LPT and employment
6. Development of sustainable funding models and minimisation of cuts to services and jobs, particularly for the most vulnerable
7. Fares maintained at levels that promote LPT ridership and support disadvantaged groups
8. Prioritisation of protection for the most vulnerable and equalising and raising conditions
9. Solidarity for monetary support and debt relief for developing countries
10. Democratic participation in economic decisions and LPT planning

II. INTRODUCTION: A SOCIAL JUSTICE PERSPECTIVE ON LOCAL PUBLIC TRANSPORT

Public transport is an essential backbone of modern societies and economies, guaranteeing access to places of employment, education and public services, particularly to individuals who do not have access to privately-owned mobility. Local public transport (LPT)¹, in particular, has been recognised by UN member nations as a 'basic service' vital to sustainable development, which functions as a 'prerequisite to the provision of other services and to improving the potential of each person to engage in economic activity'.² At a fundamental level, public transport can be understood as helping to guarantee the right to freedom of movement enshrined in the Universal Declaration on Human Rights, Article 13.

Public transport is also one of the most significant urban employers, the largest in some cities. Globally, 7.3 million workers are employed in formal local transport services and several million more in the informal economy.³ The role LPT plays in getting people to work and vitalising local economies means its indirect impact on employment is much greater. Further, modal shift from privately-owned cars to mass transit is recognised as the most effective and already available means to reduce greenhouse gas emissions in the transport sector, which as a whole account for 25 percent of total energy-related emissions.⁴

1 In this paper I use the term 'local public transport' (LPT) to refer to public transport services in urban areas and the surrounding commuting region. The UN-HABITAT refers to 'urban transport services', but recognises the importance of connections with suburban and semi-rural areas, making the terms largely compatible.

2 UN-HABITAT, [International Guidelines on Decentralisation and Access to Basic Services for all](#), UN-HABITAT, 2008, Paragraph 2; United Nations Secretary-General's High-Level Advisory Group on Sustainable Transport, [Mobilizing Sustainable Transport for Development](#), United Nations, 2016, 9.

3 ILO, [ILO Sector Brief: COVID-19 and Urban Passenger Transport Services](#), September 2020.

4 Data for 2017. See International Energy Agency, [CO2 Emissions From Fuel Combustion - Highlights](#), 2019, 11.



Despite these clear economic, employment and environmental benefits, LPT services are also shaped by a global economic system defined by systemic inequality between and within countries and other structures of oppression, all exacerbated by the Covid-19 pandemic. Depending on how LPT systems are planned and funded, they may exacerbate inequalities or contribute to overcoming them. Employers and governments can easily use pro-public and pro-environment discourses to justify public transport policies that benefit private companies and high-income, high-mobility groups at the expense of low-income, low-mobility groups and workers, particularly the most vulnerable among us. On the other hand, workers and LPT users can campaign for and win good jobs throughout LPT systems and improved services for the people who need them the most.

This report takes the perspective that union policy proposals and campaigns should consciously aim to shape LPT as a force for combating economic and social inequality, particularly during the pandemic. It looks specifically at the way emergency funding for LPT has been provided during the pandemic. It also investigates the potential for developing sustainable funding models, using a broad concept of sustainability that includes redistributive, environmental and social justice goals.

The report is divided into six sections. Following the introduction, the second section looks at the impact of the Covid-19 pandemic on LPT ridership levels, budgets, employment and users. The third section provides an overview of how emergency funding for LPT has been carried out globally, focusing on developed economies where emergency funding has been prevalent. The fourth section reviews various potential funding sources for LPT, framing a discussion of sustainable funding from a social justice perspective, while the fifth section looks at related social justice and sustainability issues facing LPT systems and unions. The final

section provides recommendations meant as a basis for discussion in unions seeking to develop policy proposals on emergency and sustainable funding. Detailed data on emergency funding schemes and LPT funding models are provided in the Appendix.

III.

THE ECONOMIC IMPACT OF THE PANDEMIC ON LPT

1. IMPACT ON RIDERSHIP

LPT ridership has plummeted since the beginning of the pandemic, with cities globally experiencing up to 90 percent decreases during early lockdowns. Decreases were as much as 100 percent in some developing economies, where LPT was completely shut down.⁵

Recovery has varied globally. Passenger movement data from Moovit shows that ridership in Central and South American cities has slowly but steadily climbed since March to reach roughly 80 percent of pre-pandemic levels. By contrast, LPT ridership in North American cities has stayed at roughly 50 percent since May 2020. In European cities, ridership levels peaked in August and September, with some cities even exceeding pre-pandemic levels, before declining sharply with the recent imposition of new lockdowns. The situation in cities in the Asia Pacific has varied widely, with peaks and dips in some areas and ridership staying steady at rates as low as 15 percent of normal levels in others.⁶ The overall trend, however, is a clear preference for avoiding LPT by those who can do so, even as many have no other choice but to continue use. By contrast, studies

⁵ For example, AS of 10 June 2020, 19% of member countries of the Asian Development Bank had instituted legal requirements to close urban transport systems. Asian Development Bank, [Guidance Note on Covid-19 and Transport in Asia and the Pacific](#), July 2020, 12.

⁶ https://moovitapp.com/insights/en/Moovit_Insights_Public_Transit_Index-countries. Moovit does not have data for African cities.

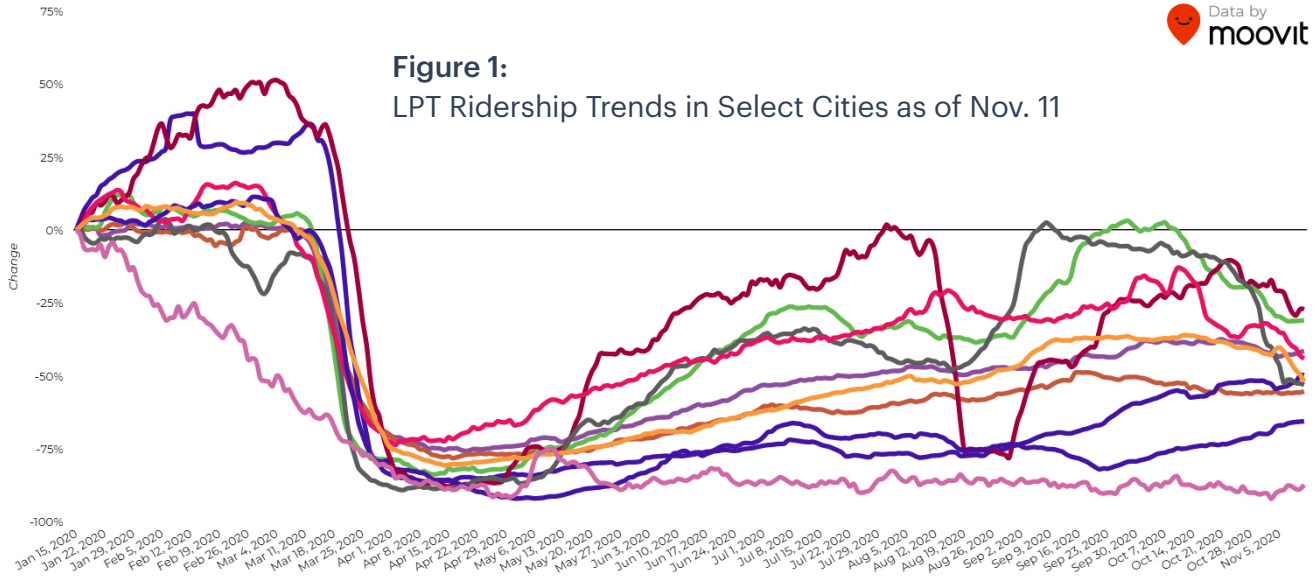


Figure 1:
LPT Ridership Trends in Select Cities as of Nov. 11

Nov 11, 2020

- NYC, New York - New Jersey: **-41.4%**
- Toronto, ON: **-55.2%**
- Barcelona: **-30.9%**
- Bogotá: **-49.7%**
- Auckland: **-27.1%**
- Strasbourg: **-53%**
- Berlin/Brandenburg: **-44%**
- Jakarta: **-65.4%**
- London and South East: **-51.9%**
- Tokyo: **-87.2%**

from Europe show that local travel by private car, which also dropped heavily early on in the pandemic, had surpassed pre-pandemic levels by early July, threatening to increase congestion and negative environmental impacts.⁷

2. BUDGET SHORTFALLS

The decrease in public transport usage has meant a massive loss in revenues from fares, at the same time as income from dedicated taxes and local government subsidies has dropped. Together with increased operating costs due to intensified cleaning and disinfection measures and the addition

of services to enable social distancing in some cases, this has led to huge budget shortfalls for local public transport authorities (PTAs) and operators (PTOs).⁸ In March, the TransitCenter, an American public transport advocacy group, published research showing that PTAs in the United States would face shortfalls of between USD26 to 40 billion over the next 12 months, depending on social distancing measures.⁹ In May, the International Association of Public Transport (UITP) projected that public transport operators in Europe would face a loss of EUR40 billion by the end of 2020.¹⁰ Given that the world is now facing a new surge in Covid-19 cases, and many cities throughout Europe and North America are going into a second phase of lockdowns, it is clear that these numbers will continue to increase into 2021.

7 https://osservatoriociopi.unicatt.it/cpi-archivio-studi-e-analisi-fine-del-lockdown-e-ripresa-della-mobilita?fbclid=IwAR0Hyodx7gkuX-2WN_2w3NXvRT7ICbAazHsUXmduEdcQ1pEn2nWCVW7aWCxA; G. Lozzi, et. al., *Covid-19 and Urban Mobility: Impacts and perspectives*, European Parliament TRAN Committee, September 2020, 6-7, 10-11.

8 Given the global scope of this paper, there is a need to generalise the structure of local public transport systems, which are in fact organised very differently from country to country, and even among different cities and municipalities within the same country. I use 'public transport authority' (PTA) to refer to (usually) public entities responsible for organising, administering and managing public transport services in a given area. In reality, the scope of the mandate, authority and responsibilities of the entities to which I refer vary greatly. In North America, the common term is 'transit agency' ('metropolitan transit authority' or MTA in the case that the entity has jurisdiction over a metropolitan area). Terms used in Europe include 'public transport authority' (PTA), transport association (verkehrsverbund in German) or more generally 'local and regional authorities' (LRAs). PTAs may or may not operate a portion of transport services in-house. Companies that operate LPT services are referred to 'public transport operator' (PTO).

9 https://transitcenter.org/estimated-financial-impact-of-covid-19-on-u-s-transit-agencies-26-38-billion-annually/#_ftn6

10 <https://www.railjournal.com/financial/uitp-projects-e40bn-hit-for-european-public-transport-in-2020/>



3. IMPACT ON EMPLOYMENT

Failure to formulate a sufficient response to the financial distress faced by LPT systems will most certainly have a disastrous effect on LPT workers and users. The ILO has identified workers in the transport, storage and communications sector (6.1 percent of the global workforce) as facing a medium-high level employment risk due to a dramatic drop. This assessment averages the higher risk levels for parts of the transport industry such as aviation and public transports with lower levels for sectors like retail transport where work hours have increased.¹¹ In the United States, Canada and the United Kingdom, LPT workers have already faced extensive temporary layoffs (furloughs) and permanent cuts in some instances.¹²

LPT cuts will have an extensive impact on local communities, which go far beyond immediate jobs cuts. The situation of the New York Metropolitan Transportation Authority (NYMTA), probably the most high-profile case of impending public transport restructuring, is case in point. In October, the NYMTA management proposed a budget for FY21 which includes proposals to reduce weekday bus and subway services by 40 percent and commuter rail services by 50 percent and cut over 8,000 jobs. A recent report by the New York University Rudin Centre for Transportation, however, demonstrates that the impact on jobs from these cuts will actually top 13,000 when jobs that are indirectly affected are included. Proposed capital spending cuts would directly and indirectly lead to a loss of another 23,000 jobs. Even more devastating will be the overall economic impact as workers continue to work from home or switch jobs due to the lack of quality public transport services, or end up spending more money and time on transit.

11 ILO, *ILO Monitor: Covid-19 and the World of Work 2nd Edition*, April 2020.

12 Author's interview with John Lyon, ATU, 21 October 2020; Author's interview with John Di Niro, ATU Canada, 29 October 2020; Author's interview with Curtis Tate and Brendan Danaher, TWU, 19 October 2020; Tfl, "Finance Report and Revised Budget, 29 July 2020, 24.

When all of these factors are taken into account, the impact will be a loss of as many as 450,000 jobs, up to USD50 billion in earnings and up to USD65 billion in regional GDP by 2022.¹³

4. IMPACT ON USERS

Despite the threat it poses to LPT services, the pandemic has also made clear their importance. The continuation of services despite huge drops in ridership has been vital to ensuring that essential workers can carry out their functions and to supporting the social groups that are most affected by the crisis. Data from major cities in the United States and Canada, for instance, demonstrates that women and people of colour are more likely to work in the mostly low-income jobs deemed essential or that cannot be done from home. These groups are also less likely to own private cars and therefore more likely to rely on public transport.¹⁴ In some cases, blanket cuts across systems have disproportionately disadvantaged the people who need LPT the most.¹⁵

It is likely the future service cuts will continue to disproportionately impact low-income groups, people of colour, women, the young and the elderly.¹⁶ Moreover, it is likely that service cuts will not be temporary. Research shows that cuts in the US following the 2008-9 economic

13 Mitchell L. Moss and Hugué O'Neill, *Economic Consequences of Proposed Pandemic-related Cutbacks in MTA Transportation Services and Capital Spending*, New York University Rudin Centre for Transportation and Applied Economics, October 2020.

14 <https://www.theguardian.com/world/2020/mar/27/coronavirus-working-from-home-privilege>; <https://www.nytimes.com/2020/04/18/us/coronavirus-women-essential-workers.html>; <https://www.bloomberg.com/graphics/2020-coronavirus-transportation-data-cities-traffic-mobility/?srnd=citylab-transportation>;

15 <https://transitcenter.org/what-transit-agencies-get-wrong-about-equity-and-how-to-get-it-right/>

16 https://rosaluxnycblog.org/gnd-public-transport/amp/?_twitter_impression=true; TransitCenter, *Stranded: What's at Stake if Emergency Aid for Transit Runs Dry*, September 2020; <https://transitcenter.org/what-transit-agencies-get-wrong-about-equity-and-how-to-get-it-right/>; <https://www.bloomberg.com/news/features/2020-06-26/how-public-transport-got-overpoliced-and-underfunded>; <https://www.bloomberg.com/news/articles/2020-10-19/transportation-is-a-racial-justice-issue?srnd=citylab-transportation>; <https://www.pewresearch.org/fact-tank/2016/04/07/who-relies-on-public-transit-in-the-u-s/>



crisis led to drops in ridership, which in turn led to more cuts, particularly for bus services – the mode of transport most used by low-income groups and people of colour in major US cities.¹⁷

IV. NATIONAL LPT EMERGENCY FUNDING – MAIN ISSUES

1. WHAT DO WE MEAN BY EMERGENCY FUNDING FOR LPT?

Generally speaking, funding refers to the provision of monetary support for public transport that does not have to be repaid, whereas financing refers to support that eventually has to be repaid (usually with interest).¹⁸ While a few cases of Covid-19 emergency support mentioned in this report include loans (for example, funding provided to Transport for London (TfL), the PTA for the Greater London Region by the UK Government), most support is being provided in the form of grants. Therefore, the term funding is used to refer to monetary support generally. Emergency funding refers to short-term measures aimed at making up budget shortfalls incurred as a direct result of the pandemic, while sustainable funding is used to refer to models for funding and financing that can be maintained, while also enabling LPT to play a redistributive role as a public service, thus meeting social sustainability and social justice goals.

Given the financial stress that the pandemic and attendant economic crisis has put on municipalities and local governments, emergency funding for local public transport in any significant amount is being provided by national (federal) governments, in some

places with matching grants from regional (provisional/state) governments.

This section focuses on the content of national government funding packages, paying attention to how they are being implemented at the local level.

2. WHERE IS EMERGENCY FUNDING FOR LOCAL PUBLIC TRANSPORT BEING PROVIDED?

Covid-19 emergency funding for LPT is not being provided equally around the world. A few governments in developing countries have stepped up to some extent. For example, the government of Chile reached an agreement with bus operators in the capital to compensate them for 80 percent of lost fare revenues based on a contract provision guaranteeing demand levels early on in the pandemic.¹⁹ South Africa's stimulus package passed in April included ZAR20 billion (EUR1.07 billion) for municipalities, some of which went to funding improved sanitation measures in public transport.²⁰ The Nigerian government has made NGN10 billion (EUR22 million) available to cover road transport operators' losses.²¹ Nonetheless, the scope and amount of emergency funding in developing economies has been significantly less than in developed economies. In particular, emergency funding has been the norm throughout North America and Europe.

There are two main reasons for this difference. The first has to do with the organisation of local public transport services. Informal transport operations play a much greater role in developing countries. In many cases governments in these countries have focused on providing income support for informal workers, in some cases (the Philippines, South Africa) tied to programmes for formalisation. These programmes are not covered in this paper.

17 <https://www.bloomberg.com/news/articles/2020-08-03/past-recession-data-previews-deep-transit-cuts?srnd=citylab-transportation>

18 Australian Railway Association, *Innovative Funding and Financing for Public Transport*, 2014, 4.

19 <https://www.t13.cl/noticia/negocios/transantiago-compensacion-coronavirus-17-04-2020>

20 <https://www.lexology.com/library/detail.aspx?g=7b160336-066a-4214-adac-476f443ac514>

21 <http://transport-links.com/news/nigeria-paves-the-way-to-transport-recovery-but-sustainable-development-needs-to-go-faster-say-experts/>

The second reason is that governments in developing countries have less ability to debt finance relief and stimulus packages, due to higher debt servicing requirements and an inability to sustain as high sovereign debt to GDP ratios as developed economies. This has led to what the ILO has referred to as a 'fiscal stimulus gap'. According to the ILO, announced fiscal stimulus measures in high-income economies equate to 10.1 percent of total working hours, while estimated working-hour losses averaged 9.4 percent.

In low-income countries, announced stimulus measures are equivalent to only 1.2 percent of total working hours, while working-hour losses averaged 9 percent. The 'fiscal stimulus gap' is therefore around USD982 billion in low-income and lower-middle-income countries.²² In a recent address to the Annual Meetings of the World Bank and IMF, ILO Secretary-General Guy Rider stressed that filling this gap will require greater international solidarity, a topic I will return to at the end of the paper.

3. WHICH ENTITIES ARE RECEIVING EMERGENCY FUNDING?

Generally speaking, both PTAs and PTOs are receiving funding regardless of whether they are public or privately owned. In some cases, funding for PTAs and PTOs (both public and private) has been allocated based on the same principles and conditions, while in others, principles and conditions have differed. The similarities and differences are largely the result of the organisation of LPT systems prior to the pandemic, although there are also cases where politics comes into play.

Examples of where funding is fairly uniform include the United States, Canada and Germany, where local PTAs or local governments first receive federal funding before reallocating it to other PTAs and/or operators in a given area based on calculated revenues losses. These sub-allocations include private operators, where they exist.

In the case PTAs operated services themselves (the rule in larger urban areas in the United States and Canada) PTAs are receiving the bulk of the funding.

In some instances, funding packages have involved political negotiations between central governments and particularly significant PTAs, such as those in capital regions. This has been true both for TfL and Île-de-France Mobilités (IDFM), the PTA for the Paris region. Both negotiations have been highly politicised, with IDFM temporarily cutting off subsidy payments to operators RAPT and SNCF in July 2020²³ and the UK government using emergency funding as a means to force a financial review aimed at 'identifying efficiencies' on TfL, along with a range of other conditions (see p.16).²⁴

In the case of Great Britain (including Scotland, Wales and England outside of London), where a large portion of bus services are not only privately operated but also completely deregulated (as opposed to being contracted for through public tendering or direct award processes), bus operators are receiving funding directly, usually based on service kilometres operated in normal (non-pandemic) years. In these areas, where long-standing discontent with the deregulated system has been exacerbated by bus operators' unilateral cuts to services during the pandemic, unions and civil society organisations have taken issue with the amount of money going to private operators.²⁵

There are some instances where certain private operators have been excluded from funding. This has been true for school buses in some cities in the United States,²⁶ as well

22 https://www.ilo.org/global/about-the-ilo/newsroom/statements-and-speeches/WCMS_758222/lang-en/index.htm

23 <https://www.humanite.fr/ratp-scnf-valerie-pecresse-cesse-le-financement-691421>; <https://www.railjournal.com/financial/french-government-and-ile-de-france-mobility-agree-covid-19-subsidy/>

24 TfL Board of Directors, "Finance Update – TfL Funding Agreement and Emergency Budget," 2 June 2020; Department for Transport to Sadiq Khan, [Transport for London Settlement Letter](#), 21 October.

25 <https://weownit.org.uk/blog/why-you-should-organise-better-buses-day-action>

26 Author's interview with John Lyons.

as for intercity coach services in Canada²⁷ and Spain²⁸, which do not have government contracts. German coaches, on the other hand, have been supported by a separate scheme under which government grants are being exchanged for equity benefits.²⁹

4. HOW ARE EMERGENCY FUNDS BEING CALCULATED AND DISTRIBUTED?

The formulas by which funding amounts are calculated and technical means of distribution differ among countries. (See p. 31-36 [Appendix, Table 4: Select National Emergency Funding Packages for Local Public Transport for details.](#)) It appears that once funding is agreed upon, most countries are seeking to make support available as quickly and with as little complication as possible. Italy's Relaunch Decree provided for advance of regular operational funding from the national Local Public Transport Fund (*Fondo nazionale per il trasporto pubblico locale*, LPT Fund) as well as emergency funding based on 55 percent of revenues in 2018 soon after it was announced in May. Final calculations of need and reconciliation of amounts will be carried out after operators submit revenue data to the LPT Observatory by 31 July 2021.³⁰ However, due to administrative issues and especially the need to channel funds to many sectors of the economy, funds were not actually delivered until August.³¹

Other countries across Europe are also allowing for distribution of funds first based on estimated service levels followed by reconciliation of amounts after the grant period is over, although some funding is being held up due to the need to get approval

from the EU.³² By contrast, the US required the submission of receipts for the release of funds, but criteria on budget projections and use have been greatly relaxed in comparison to regular federal funding.³³

Delays in receipt of funds have also occurred due to a failure of regional governments to apply for support in cases where this is required. This has been especially true in Canada, where provincial and territorial governments are required to commit matching grants to municipalities and PTAs in order to access national government funding under the Safe Restart Agreement (July 2020). In provinces such as Newfoundland and Labrador and New Brunswick, PTAs have only received funding recently and in some cases only part of the amount which has formally been allocated.³⁴

5. HOW IS EMERGENCY FUNDING BEING USED?

As per its definition, emergency funding is being provided to cover operating costs – either budget shortfalls arising from a loss in revenues or increased costs due to strengthened sanitation measures. As a general principle, labour costs are the largest part of operating costs. Furthermore, protecting public transport workers from infection through the provision of adequate PPE, time off in the case of exposure or care duties, and other safety measures is an essential part of providing safe LPT services during the pandemic. It follows therefore, that emergency funding should be used in large part to protect workers' employment, conditions and health and safety.

For the most part, unions interviewed for this paper felt that emergency funding had

27 Author's interview with John Di Niro, ATU Canada, 29 October 2020.

28 Author's email correspondence with Jose Antonio Naranjo Burcio, 23-28 October 2020.

29 <https://www.bmvi.de/SharedDocs/DE/Pressemitteilung-gen/2020/030-scheuer-busbranche-kann-hilfsgelder-abrufen.html>

30 Inter-ministerial decree, 11 August 2020

31 Author's interview with Domenico D'Ercole, CGIL-FILT, 16 November 2020.

32 https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html. EU competition rules put strike restrictions on national government aid to companies. While the EU has relaxed these rules since the start of the pandemic government still need to get approval through an expedited process for aid to PTOs.

33 New York Public Transit Association, "Highlights of FTA Cares Act Funding for Transit," 3 April 2020; Regional Transportation Commission, [Federal Report](#), 17 April 2020.

34 <https://www.atucanada.ca/press-releases>



been used in workers' interests. For example, following the receipt of emergency funds the Toronto Transit Commission (TTC), Toronto's PTA, began bringing back 450 workers who had been furloughed in April.³⁵ Research commissioned by the American Public Transportation Association (APTA) (a US business association) found that emergency funding provided through the Cares Act (March 2020) helped to limit furloughs to 16 percent of all PTAs.³⁶

Temporary and permanent layoffs have been rare in Europe, where most countries have access to separate funds for wage support in the case of short-time work or furloughs. In Italy, where a national decree, extended several times, has also prohibited layoffs until January 2021, LPT emergency funding is being used in particular for health and safety measures to protect workers and passengers. EUR300 million out of a total of EUR900 million is designated specifically for the increase of services to allow for social distancing.³⁷

There are some instances where it has taken union pressure to ensure that workers' interests are being met after funds are received. In the US, the Transport Workers Union of America (TWU) and the Amalgamated Transit Union (ATU) came together shortly after the passage of the Cares Act to announce plans for 'aggressive action' if adequate PPE and other safety measures were not guaranteed to protect American LPT workers, who have faced unusually high rates of infection.³⁸ In one

local example, unions and civil society groups participating on the Blue Ribbon Task Force, established by the California Bay Area Metropolitan Transport Commission (MTC) to direct the allocation of funds in the area, used a mixture of negotiations within the task force and a letter writing and phone banking campaign to keep authorities from doing away with six-foot social distancing when using LPT services.³⁹

6. WHAT SOCIAL CONDITIONS HAVE BEEN ATTACHED TO EMERGENCY FUNDING?

Experience of the socialisation of losses and privatisation of profits through the financial sector bailout during the 2007-8 financial crisis has led unions to demand that social conditions be attached to emergency aid to support companies hurt by the pandemic. In some cases, this has taken place. Most commonly, governments have attached job retention conditions to aid measures targeted directly at maintaining employment or have required the suspension of dividend payments and share buybacks in the case of financial support (for example, in France, Italy, Brazil, Denmark, the United States, Spain and Portugal).⁴⁰ In general, however, very few social conditions have been imposed.

This has also been the case for LPT funding. In many instances no conditions other than maintenance of a certain level of services have been attached. Oversight mechanisms have been streamlined, reflecting a need for rapid execution and trust that funds will be used correctly. This may in part be because many of these entities receiving aid are publicly-owned and therefore expected to act more responsibly. A few important exceptions exist.

35 https://www.thestar.com/opinion/contributors/2020/08/25/building-back-better-starts-with-public-transit.html?fbclid=IwAR0E41YnS-miMiNOxufcsrWJrLCqFeKiO_vh5uJcy4-Y4nzirnj-Z3K7rEtw; <https://www.thestar.com/news/gta/2020/05/12/ttc-faces-520-million-shortfall-by-labour-day-due-to-pandemic.html>; <https://www.masstransitmag.com/management/press-release/21154897/toronto-transit-commission-ttc-ttc-recalls-132-more-unionized-employees-to-plan-for-potential-ridership-increase>

36 APTA, COVID-19 Pandemic Threatens Public Transit Jobs and Services, September 2020.

37 Author's interview with Domenico D'Ercole; <https://www.allenoverly.com/en-gb/global/news-and-insights/publications/covid-19-coronavirus-the-ristori-decree-extension-of-the-measures-about-dismissals-and-furlough-plans-in-italy>

38 <https://www.bloomberg.com/news/articles/2020-04-13/as-transit-workers-get-sick-unions-mull-shutdowns>; Author's interview with Curtis Tate and Brendan Danaher, TWU, 19 October 2020.

39 Author's interview with James Lindsay, ATU, 15 October 2020.

40 TUAC, *No Strings Attached? A trade union review of OECD findings on COVID-19 public support measures to private businesses*, 15 October 2020, 11

TABLE 1:

Conditions for LPT Emergency Funding in Select Countries

Country	Content
CONDITIONS	
United States	While not technically new conditions, Cares Act funding for LPT in the US is covered by Federal Transit Act Section 13(c), which provides strong labour protections (preservation of benefits, conditions and rights) to workers employed by PTAs and PTOs receiving normal government grants through Federal Transit Administration formula grant programs. ⁴¹
Netherlands	EUR2.24 billion being provided to the national railway (NS), Frisian Island ferry services and local and regional PTOs holding concessions comes with the condition that no dividends are paid to shareholders and no bonuses or severance payments paid to directors. ⁴²
Great Britain (Scotland, Wales and England outside of London)	Bus operators in deregulated systems who receive aid have been required to commit to refrain from raising fares and to work more closely with PTAs to plan routes and services. The Scottish government is requiring bus companies to conclude public services contracts, which commit them to uphold these conditions, as well as including provisions on data protection and prohibition of discrimination and blacklisting. ⁴³ The Welsh government has suggested a desire to use emergency funding as a starting point for a new system of subsidies accompanied by stricter regulation of the bus system. ⁴⁴ Bus funding schemes, however, have been criticised by unions and civil society organisations for guaranteeing profits to private bus operators, while allowing them to get away with attacking workers' conditions. ⁴⁵

41 United States Federal Transit Act Section 13(c) protective arrangements include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Transit Cooperative Research Program, Legal Research Digest, June 1995, No. 4.

42 <https://nos.nl/artikel/2336334-1-5-miljard-euro-coronacompensatie-voor-ov-bedrijven.html>

43 <https://www.transport.gov.scot/media/48094/baat-covid-19-public-service-contract-csg-r-all-operators.pdf>

44 <https://www.intelligenttransport.com/transport-news/101595/bus-operators-across-wales-to-benefit-from-bus-emergency-scheme/>; <https://www.intelligenttransport.com/transport-news/108520/welsh-bus-services-to-receive-further-84-6m-to-meet-challenges-of-covid-19/>

45 <https://www.Irdpublications.org.uk/publications.php?pub=LR&iss=2049&id=idm140081334334352>

TABLE 2:

Oversight Structure for LPT Emergency Funding in Select Countries

Country	Content
OVERSIGHT MECHANISMS	
<p>United States, California Bay Area</p>	<p>The Metropolitan Transportation Commission (MTC), a government agency that plays a coordination role for the 27 PTAs in the region, established a Blue Ribbon Task Force, which oversaw the distribution of the second phase of Cares Act funding and is tasked with developing a recovery and improvement strategy for LPT services in the region. The 32-member Task Force includes local elected officials, advocates for people with disabilities, representatives from the state Senate and Assembly, the California State Transportation Agency, transit operators, business groups, transit and social justice advocates and two union reps (one from the Teamsters and one from ATU.)⁴⁶ While their numbers are small, the union reps have been able to work with civil society members to exercise influence over certain decisions.⁴⁷</p>
<p>Scotland</p>	<p>Scotland’s funding for LPT has been carried out within the context of its Transport Transition Plan (TTP), which aims to support the easing of restrictions and economic recovery within the transport sector and broader economy. The TTP is referenced to the country’s National Transport Strategy, the goals of which are the reduction of inequalities, taking climate action, helping to delivery inclusive economic growth and improving health and well-being. The process for evaluating, revising and implementing the TTP involves assessments of impact on different disadvantaged user groups and the environment (although not workers) and includes a multi-stakeholder engagement process (although again, without union involvement).⁴⁸ The stakeholder engagement process was activated in deciding emergency funding for public LPT operators in Edinburgh and Glasgow.</p>

Sources: See footnotes.

46 <https://mtc.ca.gov/our-work/fund-invest/investment-strategies-commitments/blue-ribbon-transit-recovery-task-force>; Interview with James Lindsay, ATU.

47 Interview with James Lindsey, ATU.

48 <https://www.transport.gov.scot/publication/transport-transition-eqia-interim-update-september-2020/>



Given the widespread nature of the crisis, governments seeking to avoid a chain of bankruptcies have prioritised speed over selectivity in their interventions. As the crisis drags on, however, governments may seek to align state aid more closely with policy goals.

Up to this point, trade union demands for aid conditionality have focused on employment. The AFL-CIO in the US, for example, has demanded that all companies receiving assistance maintain current workforce levels, wages and benefits. The European Trade Union Confederation has opposed public financial support to companies that lay off workers. Some unions, such as the British Trades Union Congress (TUC) and the German DGB, have added demands that workers working shortened hours be provided opportunities for training and upskilling.⁴⁹ Going forward, broader demands on conditionality and oversight may be an avenue for unions to push for an economic transition aimed at achieving social justice, as long as these are balanced with a continued need for efficient and broad intervention.

Drawing on existing state aid practices and the demands of unions in OECD member states, the OECD Trade Union Advisory Committee (TUAC) has proposed that the following conditions and oversight structures should accompany emergency support to private companies.⁵⁰

- protection of employment and conditions;
- suspension of payment of dividends and share buybacks and introduction of caps on executive salaries;
- demonstration of responsible business conduct including effective due diligence. Due diligence plans should be developed with union involvement (a framework is provided by the OECD Guidelines for Multinational Enterprises);
- sector appropriate conditions for a transition to a low-carbon economy;

- publication of corporate tax practices;
- respect for collective bargaining. In particular, restructuring plans should be negotiated with trade unions/workers' representatives (firm-level bargaining should be accompanied by sectoral/national-level bargaining processes and direct communication between governments and workers' representatives); and
- submit to democratic control and accountability structures, such as oversight by an independent board that includes union representation.

While these demands are aimed specifically at private companies, they could be adapted to contexts where LPT is managed and operated by public entities, and could service as a starting point for envisioning sustainable and socially just LPT in the Covid era.

7. IS EMERGENCY FUNDING LEADING TO RESTRUCTURING?

There are many instances where governments are using funding as an avenue to implement the downsizing of LPT systems. The UK government, for example, has required that TfL and the Mayor of London (who acts as the chair of the TfL board) raise fares, suspend concessionary fares and submit to an independent financial review with the goal of identifying further cost saving measures. Funding for IDFM in France and LPT in Netherland explicitly covers only a proportion of losses, requiring these entities to reduce their budgets in the future. In particular, PTOs in the Netherlands are required to work with the government on a transition plan aimed at 10 to 15 percent cost savings. In Ontario, Canada, the provincial government has made consideration of the use of private contracts for microtransit (on-demand services) to replace bus routes with low ridership a condition of funding.⁵¹

49 TUAC

50 TUAC

51 <https://dailyhive.com/toronto/ontario-cities-replace-public-transit-private-car-companies>

This is because either government support assumes that cuts will take place or because funding is already running out (See p. 31-36 Appendix, Table 4: [Select National Emergency Funding Packages for Local Public Transport for details.](#)) The funding agreement for Transport for London, for example, is based on an emergency budget that includes the furlough of 7,000 employees (25 percent of the workforce).⁵² While German LPT workers have all but avoided short-time work or temporary layoffs so far, the German government's support does require that operators "take all reasonable measures to keep the damage they have suffered as low as possible," including through the use of short-time work allowance schemes and delay of infrastructure investments. Reduced costs are deducted from grant allocations in accordance with EU rules, which guard strictly against overcompensation.⁵³ Support for IDFM in France and LPT operators in the Netherlands is calculated to cover only a percent of losses (90 percent of projected mobility tax losses, 75 to 90 percent of fares revenues for IDFM, and 93 percent of losses for operators in the Netherlands⁵⁴), making future cuts almost inevitable.

In the United States, the Cares Act money is running out, in particular for large PTAs in metropolitan areas whose losses have been the greatest. According to an APTA survey published in September, 61 percent of PTAs (80 percent of large PTAs) are considering service cuts to make up for shortfalls if no further federal support is forthcoming; 80 percent of large PTAs are also considering delaying, deferring or cancelling capital projects; and 31 percent of all PTAs are considering permanent staff layoffs.⁵⁵ A survey of APTA's private sector business members also found that 86 percent had seen a reduction in their business, one-third had already furloughed workers, 60 percent had cut back in hiring and 42 percent had deferred planned investments. Without further federal funding, 47 percent planned to permanently lay off workers.⁵⁶

52 TfL, "Finance Report and Revised Budget," 29 July 2020, 24.

53 <https://www.lagazettedescommunes.com/702054/transports-publics-le-gouvernement-accepte-daider-toutes-les-collectivites/>

54 <https://nos.nl/artikel/2336334-1-5-miljard-euro-coronacom-pensatie-voor-ov-bedrijven.html>; <https://www.ovpro.nl/corona/2020/09/15/kabinet-trekt-opnieuw-miljoenen-uit-voor-ov-sector/>; <https://www.nd.nl/nieuws/varia/992415/extra-steun-voor-openbaar-vervoer-in-2021>

55 <https://www.apta.com/wp-content/uploads/APTA-Brief-Agency-Survey-Sept-2020.pdf>

56 <https://www.apta.com/wp-content/uploads/APTA-Brief-Business-Survey-Sept-2020.pdf>

TABLE 3:
Major PTA Emergency Funding and Projected Cuts (Unit USD)

City	PTA	Cares Act Funding	PTA projected Loss	PTA projected cuts
Seattle	King County Metro	244 million	615 million through 2022	Services cut by 15% for fall 2020
Philadelphia	SEPTA	643 million	300 million thru June 2021	10-year service reduction plan would turn trolley routes into bus services, eliminate or slash services on regional rail lines, close over 100 stations, reduce subway services and stop or delay 25 million in capital projects
Los Angeles	Metro	735 million (LA county 1.068 billion)	1.8 billion by mid-2021	Delays in rail and road infra projects, hiring freeze, consultants 'voluntary' pay freeze, cost reductions on projects underway
Chicago	CTA	817 million	551 million in 2020	No cuts in 2021 predicated on further federal funding
New York City	MTA	3.9 billion	16.4 billion through 2024	2021 budget proposal would reduce weekday bus and subway services by 40%, commuter services by 50%, cut over 8,000 jobs, raise fares and tolls by 4%, delay upgrades in signalling systems and halt infrastructure projects
Washington D.C.	WMATA	877 million	500 million in 2021	2021 budget calls for elimination of weekend services, reduced bus and subway services, closing 19 stations and elimination of an additional 2,400 jobs; 1,400 jobs are being eliminated in 2020

Sources: Local news clippings and budget documents for each city and PTA.

V

FROM EMERGENCY TO SUSTAINABLE FUNDING

1. ECONOMIC CRISIS, INEQUALITY AND SOCIAL JUSTICE

Governments, PTAs and PTOs, unions and civil society groups have all talked about using the pandemic as a chance to 'build back better' and create the sustainable, environmentally friendly LPT systems of the future. As the discussion above demonstrates, however, in most cases governments (and, in many cases employers and unions with them) have had to focus on short-term measures aimed at avoiding worst case scenarios. In many cities, the potential of service reductions and jobs losses loom large in the near future.

These projections come against the backdrop of an economic recovery likely to be drawn out, unstable and uneven. The OECD's most recent Economic Outlook predicts output in most countries will still not have returned to 2019 levels by the end of 2021, even if vaccines are widely available in the second half of the year.⁵⁷ Furthermore, recovery is expected to take much longer, if it comes at all, for developing countries, certain economic sectors and low-income groups. Many refer to this phenomenon as a K-shaped recovery.

In the context of a long-term economic crisis, which is hitting disadvantaged groups the hardest, union demands for emergency funding will have to evolve into proposals for sustainable funding structures which can support public transport systems and at the same time ensure they serve the people who need them most. This requires approaching the questions of budgeting and funding streams from a perspective of equity and social solidarity. In other words, a social justice approach requires that our campaigns are grounded in recognition of the inequalities among countries, workers and users, and take a redistributive approach to the funding and organisation of LPT.

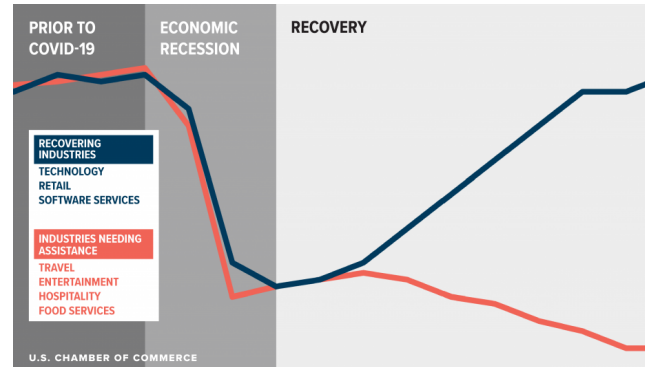


Figure 2: K-Shaped Recovery I
Source: U.S. Chamber of Commerce

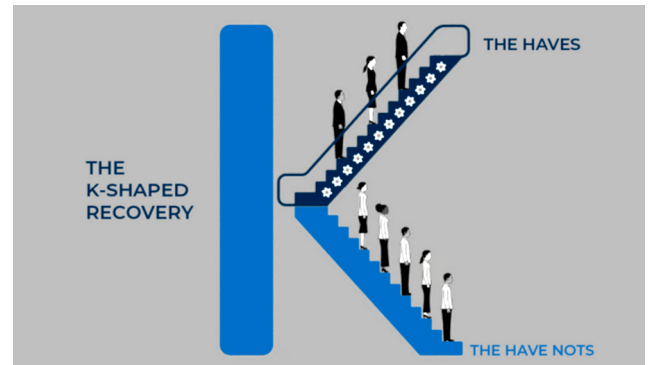


Figure 3: K-Shaped Recovery II
Accrue Financial Advisory Services

2. NATIONAL GOVERNMENT FUNDING, DEBT AND INTERNATIONAL SOLIDARITY

Increased national government support

The extent and means through which national governments support LPT in normal times varies considerably from country to country. It is common, however, for national subsidies to be minimal and/or used primarily to compensate capital costs and sometimes concessionary fares, rather than general support of operations. One exception is Italy, where the national LPT Fund covers 55 percent of operating costs. (See p. 38, Appendix, Table 5 'Structure of LPT Funding in Select Countries' for details.)

Given that other revenue sources, including local tax bases and fares, are negatively impacted during recessions in general and during the current crisis in particular, and that governments are now actively engaging in expansionary fiscal policies, ensuring that

public transport operations are included in national government funding priorities is an important task, one in which many unions in developed countries are currently engaged.

Union proposals will have to take into consideration the fact that fuel taxes, generally an important source of revenue for national infrastructure investments, are negatively affected by both the pandemic and policy responses to climate change.⁵⁸ Table 5 in the Appendix ('National LPT Funding Sources') summarises the range of national government funding sources in use in different countries and the ways they are likely to be affected by the pandemic. The two main proposals for increasing national government funding being put forth by unions, environmental groups and public transport advocates are the reallocation of funds away from road construction and an increase in the national debt. Unions and civil society groups could also consider tying demands for national LPT funding to tax justice demands, which would be one way to strengthen their redistributive character.

It is difficult to say exactly what level of sovereign debt is sustainable, given that it ultimately has to do with creditors' trust in a government's ability to pay. The fact that debt levels do matter to the health of national economies, however, requires unions to place LPT funding within the context of a macroeconomic approach, which takes into account needs in other sectors (for example healthcare) and the way different sectors interact with one another (for example the impact of PT on jobs in the automobile industry). A macroeconomic perspective should also take into account the social value of sustainable public transport (such as liveable cities, positive health impacts, increased accessibility, positive climate impact and employment multiplier) and other public services, which are often hard to put in monetary terms and therefore usually not

calculated in cost-benefit analyses.⁵⁹ The German service union Verdi's economic and investment programme, Growth – Employment – Cohesion and the Italian national centre CGIL's policy paper, *From Emergency to a New Development Model* start to take this approach.

The inequalities of sovereign debt

The ability to use national debt to finance LPT and economic recovery more generally is not at all equal. Many countries in southern Europe and throughout the developing world entered the pandemic already with significant risk of debt distress, a risk that has grown significantly.⁶⁰ Over the last decade, low interest rates in developed countries have pushed speculative investors to seek opportunities at higher rates of interest in developing economies. At the same time, the diminishing availability of multilateral finance for central budget support has led developing countries to borrow at high risk in international financial markets. The results for developing countries, regardless of the previous state of their economies, have been a build-up in public and private sector debt, a higher percent of debt held by private instead of official creditors and higher debt servicing requirements. On top of this, dependency on foreign currencies to pay for imports and meet debt obligations means that central banks in developing countries can't lend to governments in the same way as they do in developed countries that use key currencies without risking depreciation of their local currencies, an increase in the value of their foreign-currency denominated debt and destructive inflationary pressures.

This situation means that developing countries have much less fiscal space to be able to invest in public transport (or any other part of their economies for that matter), while at the same time putting them in a

58 WSP, *Public Transportation and Covid-19, Funding and Finance Resiliency: Considerations when planning in an unprecedented realm of unknowns*, May 2020, 5; <https://www.smartcitiesdive.com/news/the-gas-tax-was-already-broken-the-pandemic-could-end-it/587653/>

59 S. Werland and F. Rudolph, *Funding and Financing of Sustainable Urban Mobility Measures*, European Platform on Sustainable Urban Mobility Plans, 2019, 6.

60 <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-72-covid-19-and-sovereign-debt/>

highly vulnerable position in the case of a full-blown financial crisis. Limited fiscal space pushes governments to turn to more loans, including from the IMF, World Bank and other development banks, and to the public-private partnerships these institutions promote. In the end this will exacerbate the countries' economic vulnerabilities unless the way these loans are made is reformed to prioritise sustainable development.

In sum, the monetary and fiscal policies being implemented in developed countries, and which labour movements in these countries are calling for, are not only not available in developing countries, low interest rates and quantitative easing in fact exacerbate the vulnerabilities in the developing world as described above.⁶¹ This means that achieving economic and financial stability in developing countries through an increased issue by the IMF of special drawing rights, funding for public services from development banks without austerity requirements and debt forgiveness is ultimately a prerequisite for making LPT funding sustainable at the global level. These goals should be a main focus of international solidarity.⁶²

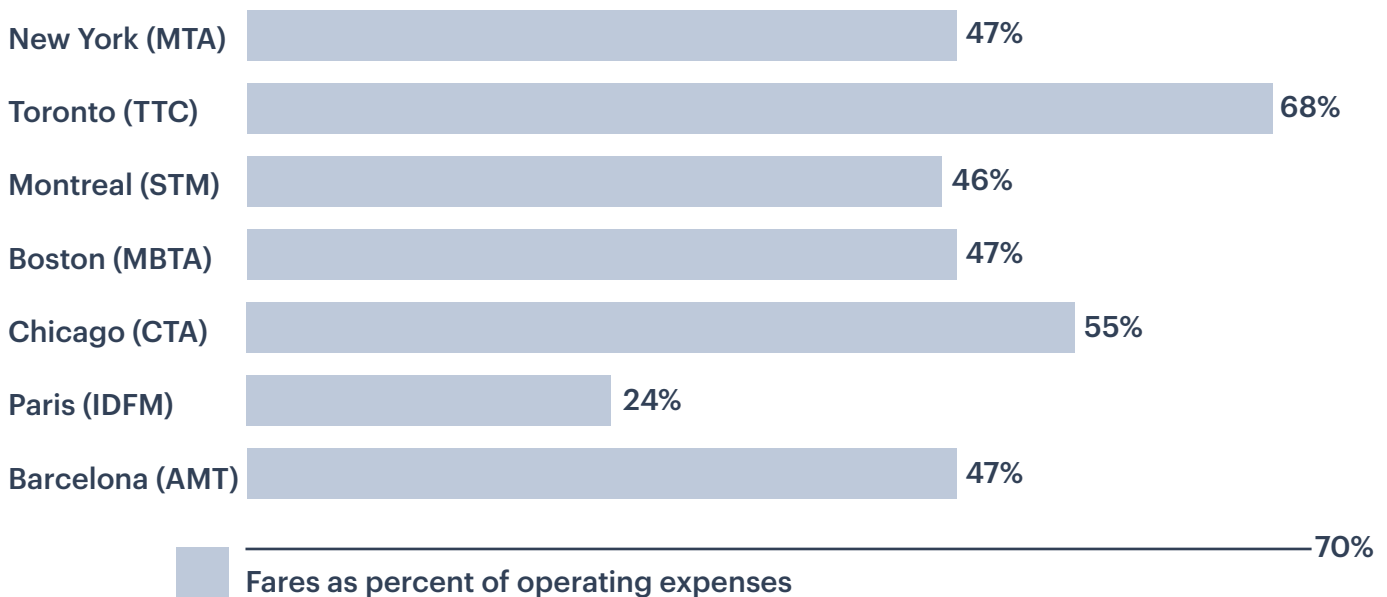
3. SUSTAINABLE FUNDING STRUCTURES, REDISTRIBUTION AND SOCIAL JUSTICE

Fares, farebox recovery ratios and sustainability

Despite the fact that PTAs and PTOs around the world have faced severe revenue losses, some are now much more vulnerable and more likely to face cuts in the near future than others. Unions have focused on the problems faced by systems with high farebox recovery ratios (the percentage of fare revenue to overall operating costs), arguing that requiring LPT systems to cover too much of their own costs undermines their ability to act as a public service in normal times and makes them more vulnerable during the pandemic.

While farebox recovery ratios are an important factor, however, the situation is not so simple. Differential debt servicing requirements, along with the availability of reserves, also play an important role in whether LPT will be able to withstand the crisis. For example, while the New York MTA has a relatively low farebox recovery ratio (47 percent in 2016), its proposed budget

Figure 4:
Farebox Recovery Ratios of Select PTAs



61 <https://www.ituc-csi.org/IMF-Special-Drawing-Rights>

62 Global Unions, [Support recovery through public investment for quality jobs, not more harmful austerity](#), October 2020.

Sources: ITF-OECD (2018); Budget documents from NYMTA, TTC, STM, CTA, Tfl; FTA agency profile for MBTA. Figures are estimates from 2018 for Paris and Boston, 2016 for New York, Toronto, Barcelona, Chicago and Montreal.



for FY2021 includes widespread reductions in services and elimination of over 8,000 jobs. The NYMTA's debt servicing costs accounted for 16.1 percent of revenue before the pandemic, but that cost is projected to increase to 25.7 percent next year, leaving less to spend on maintaining the system. The NYMTA's funding make-up includes bonds backed by operating revenues, which have been downgraded by credit rating agencies twice since the beginning of the crisis, leading to rising interest rates.⁶³

By contrast, the Strathclyde Partnership for Transport (SPT) in Scotland, which has a farebox recovery rate of roughly 30 percent, makes up a good portion of its budget through subsidies from participating local councils and has significant reserves (in addition to having received several million pounds in emergency funding from the Scottish Government). It has not had to exercise the authority granted it to borrow.⁶⁴ SPT owns and operates the Glasgow subway.

Fare levels are also an important component of this discussion. The loss in ridership is likely to prompt some national and local governments to seek fare increases. In the UK, for example, the central government has pressured Transport for London to increase fares by one percent above inflation after a four-year freeze. The NYMTA's 2021 budget includes fare increases along with the extensive cuts described on p.9. In South Korea, where no emergency funding has been provided and subsidy levels are generally low, the Seoul government is pushing for a fare increase as well as cost-cutting measures and policies to increase ridership as the most realistic means of reaching budget sustainability.⁶⁵ Government researchers point to the relatively higher fares in places like London and New York. While some adjustment in fares systems may be

necessary, the danger that fare increases will end up shifting the burden for LPT costs onto low-income and disadvantaged groups and leading to a further reduction in ridership is high.

Fare-free transport

Recognition of LPT as a form of income support, as well as social distancing concerns, has actually prompted many municipalities to move in the opposite direction, towards partially or fully fare-free services. After the start of the crisis, many cities and towns implemented free transport for healthcare and other essential workers, or suspended fare collection altogether in order to reduce contact.⁶⁶ Most of these measures are temporary. Yet, while some local governments and PTAs are being forced to raise fares (most notably, in London), others have begun to consider permanent measures to eliminate fares for some or all riders.

In September, Paris made public transport free of charge for riders under 18. This measure is the latest step in an effort to make transport in the city more affordable and accessible, which began in 2018 when RATP made travel free for riders 65 and up. While Paris Mayor Ann Hidalgo has stopped short of full support for eliminating fares altogether, Paris' Transit Commissioner David Belliard has called the measure "a very important step in favour of going free".⁶⁷

The move towards going free is on in Los Angeles as well. In August, the CEO of the Los Angeles County Metropolitan Transportation Authority (LACMTA), Phil Washington, established a task force to look at options for fare free transport, citing a need to provide income support for LACMTA's majority Black and Latino ridership as the reason. This development can be attributed in part to the work of the Bus Riders Union, an organisation

63 Office of the New York State Comptroller, "Financial Outlook for the Metropolitan Transportation Authority: Report 5-2021," 2020.

64 Strathclyde Partnership for Transport Annual Accounts for the year ending 31 March 2020.

65 Sinhae Lee, "Seoul City's Plan for Promoting Sustainable Public Transport," The Seoul Institute, 2020.

66 <https://socialistproject.ca/2020/09/experiments-in-free-transit/#more>; <https://www.bloomberg.com/news/articles/2020-03-19/some-transit-agencies-cut-fares-as-ridership-drops>; <https://www.itf-oecd.org/sites/default/files/transport-support-health-system-covid-19.pdf>

67 <https://www.bloomberg.com/news/articles/2020-09-03/why-paris-dropped-transit-fares-for-young-riders>



comprised of roughly 500 low-income mostly people of colour riders, which has been calling for fare reductions and improvements to LA's bus system for years. The task force is investigating alternative funding options and will present it to the LACMTA board at the end of 2020.⁶⁸

Finally, on September 19, a new coalition launched in Glasgow under the name of 'Free Our City'. The goal of the coalition, which brings together several pre-existing community campaigns, trade unions and the youth climate movement, is to achieve fully integrated, publicly-owned free public transport for all in Greater Glasgow. It asserts that free public transport will help the environment, as well as stimulate the economy by providing employment and subsidising transport, thus "reducing social isolation and lifting people out of poverty." Last year, Glasgow City Council declared a climate emergency and established a Climate Emergency Working Group, the recommendations of which included a 'formal assessment of the potential for making the transition to a public transport system that is free to use.'⁶⁹ The coalition is seeking to use the assessment as an opportunity.⁷⁰

In all three cities, significant concerns about the potential loss of fare revenues have been raised. Nonetheless, the relatively low dependence on fare revenues in each makes consideration of fare-free public transport a possibility. Farebox recovery rates for IDFM, LACMTA and SPT are roughly 24 percent, 13 percent and 30 percent respectively.⁷¹ LPT is heavily supported by the mobility tax in Paris, municipal contributions in Glasgow and several dedicated sales taxes in LA, although revenues from all of these sources are

threatened to some extent by the pandemic. Fare-free public transit, particularly for disadvantaged groups, is a powerful means to achieve LPT's redistributive potential, although the feasibility will clearly differ based on the size of the ridership, system organisation and funding structure.

Alternative local funding sources

There are a wide range of local funding sources that can be considered in the development of sustainable funding models. Table 7 'Local LPT Funding Sources' in the Appendix organises local funding sources used globally based on who contributes, who benefits and the likely impact on revenue streams caused by the pandemic. The right mix of sources will be different for different cities, and experts suggest that local governments and PTAs use a variety of sources to ensure that total revenues are not overly affected by fluctuations in the revenues from any one instrument.⁷² On principle, unions demands about local LPT funding should aim to redistribute benefits from high-income/high-mobility groups/communities towards low-income/low-mobility groups/communities, and support LPT use while requiring car users to pay for the social costs of car use (negative externalities including congestion, CO2 emissions and accidents). In other words, new funding sources should be based on contributions from groups that are relatively less impacted by the pandemic and economic crisis, including large property owners and other high-income groups. Of the many sources considered in Table 6, value capture mechanisms such as property taxes and charges on developers who benefit from LPT meet these principles if they are structured in a way that avoids pushing small business owners or low-income homeowners out of areas near public transport. These sources are also relatively stable and less likely than other sources to suffer a significant contraction during the pandemic. Taxes on large employers may also be considered. Charges to road and individual vehicle

68 <https://www.bloomberg.com/news/articles/2020-09-01/l-a-s-metro-flirts-with-fare-free-public-transit?srnd=citylab>

69 <https://www.heraldscotland.com/news/18700207.bid-launched-make-public-transport-glasgow-free-help-economic-recovery/>

70 [Free Our City Manifesto](#)

71 International Transport Forum, [Policy Directions for Establishing a Metropolitan Transport Authority for Korea's Capital Region](#), 2018, 76; <https://www.bloomberg.com/news/articles/2020-09-01/l-a-s-metro-flirts-with-fare-free-public-transit?srnd=citylab>; Strathclyde Partnership for Transport Annual Accounts for the year ending 31 March 2020.

72 Todd Litman, [Local Funding Options for Public Transportation](#), Victoria Transport Policy Institute, 2020, 36.



users can encourage LPT use but should be evaluated carefully for potential negative impact on low-income groups.

Interestingly, LPT policymakers and voters in the US seem to have affirmed these principles through LPT referendums in 2020. Out of a total of 52 such referendums, 47 (92 percent) passed, providing a total of over USD38 billion in new funding for LPT construction, renewal and operations nationally.⁷³

(One referendum is pending recount.) In comparison to 20 such referendums in 2019, of which 16 (80 percent) passed, the number of land value capture instruments voted on in 2020 was significantly higher (36 out of 52, all passed)⁷⁴, while sales tax initiatives were more common in 2019 (6 out of 20, 4 passed). In 2019 only two property taxes for LPT were on the ballot, one of which failed to pass.⁷⁵ Successful referendums in 2020 tended to be for operating costs or capital costs to increase service frequency and accessibility.⁷⁶ These results seem to suggest that despite (or perhaps because of) the pandemic, American voters are supportive of funding for improved operation of LPT, in particular when the burden falls on property owners rather than everyday consumers and riders.

Labour costs and workers' solidarity

One last element in sustainable funding considerations is labour costs. Labour costs make up the majority of operating costs in most systems and are ultimately paid by the public (either through fares or taxes). Given the financial pressures on governments, LPT systems and their users, pressure will likely mount on LPT workers to accept pay freezes or worsening of conditions during the pandemic.

Directly-employed LPT workers, particularly those employed in the public sector, tend to make wages well above the national average in developed countries. But wages tend to be significantly lower in smaller municipalities and in the private sector, especially where workers are employed by subcontracting companies and/or on temporary contracts. Women, immigrants and workers of colour are often over-represented in these low-paying, insecure jobs.

All LPT jobs should be good jobs. This requires, in addition to sustainable funding models and fights to bring outsourced services and work in-house, solidarity between workers in the public and private sectors, and between those who have relatively high pay and stable jobs and those whose employment is precarious and poorly compensated. Along with demands for operating cost funding, LPT unions can consider bargaining demands and strategies that aim at equalising and raising the floor for all workers, rather than prioritising the wages and conditions of only directly-employed workers, who are generally the core of union membership.

The work of ver.di in Germany provides one example of how this issue might be approached. Over the last several years, collective bargaining has taken place differently by region and between the public and private sector. This has occurred against the backdrop of generalised downward pressures on wages and conditions due to contracting out and competitive tendering. To overcome this situation, ver.di has launched a campaign for a nationwide industrial agreement that would equalise and raise conditions across the sector. This campaign includes demands for increased federal funding and beneficiary (company) contributions and is being carried out in solidarity with the environmental movement.⁷⁷

73 <https://www.apta.com/news-publications/press-releases/releases/voters-across-the-country-support-public-transportation-in-record-numbers/>

74 <https://cftc.org/initiatives/campaigns/?campaign-year=2020&startdate=1577854800&enddate=1609477200>

75 <https://cftc.org/initiatives/campaigns/?campaign-year=2019&startdate=1546268400&enddate=1577804400>

76 <https://transitcenter.org/good-transit-policy-was-good-politics-this-election-day/>

77 <http://oepnvbrauchtzukunft.de/>

VI

FURTHER CONSIDERATIONS FOR SOCIAL JUSTICE AND SUSTAINABILITY

1.

PROTECTING THE MOST VULNERABLE: SUPPORT FOR THE PRIVATE SECTOR VS REMUNICIPALISATION

In general, private operators are likely to have less access to low interest credit, less able to withstand high debt levels and more beholden to profit imperatives. As mentioned above, they are also left out of emergency funding in some cases. This makes workers employed by private operators, and in particular subcontractors, more vulnerable to worsening conditions or layoffs, especially when they are already in precarious employment relationships. Many workers who provide services to vulnerable user groups, such as those working in contracted school bus and transit services, fall into this category.

A social justice perspective requires that unions pay special attention to protecting these particularly vulnerable workers, regardless of if they are union members or not. This at times may mean siding with private operators to press for government support. In North America and Europe, private operators have sought to renegotiate service contracts to change payment schemes normally based on service kilometres so that they can receive funding.⁷⁸ It appears this has been done for the most part with the goal of keeping operations afloat and workers on the job, sometimes with union support.⁷⁹

On the other hand, civil society organisations and some unions have decried the public money going to private companies, calling instead for remunicipalisation of these

services. The World Bank, which has recognised the vulnerability of the public-private partnerships it champions during the pandemic, and called for “proactive steps by governments, sponsors and lenders” to support them, has also cautioned that, “terminations and buy-backs initiated by either party could become a reality with the government choosing or being forced to operate and maintain distressed projects”.⁸⁰

Whether the crisis will lead to opportunities to bring private LPT services into public ownership is unclear. In some cases in long distance rail, financial pressures have led to a fundamental restructuring of service contracts (England) and even moves towards renationalisation (Wales). In contrast, no cases of bankruptcy or contract cancellation in LPT have been identified so far. Moving forward, unions may be faced with the question of whether to seek further government support for private operators as a means to protect vulnerable workers, or push for remunicipalisation.

As the cases of PTA restructuring above indicate, public ownership does not necessarily make LPT systems immune to cuts to jobs and services. On the other hand, it can offer the possibility of more public oversight, cost savings and job protection in the long-run. The ITF’s People’s Public Transport Policy proposes a social model of public transport based on public ownership towards these goals.⁸¹ Any calls for remunicipalisation during the crisis will need to include clear proposals on transfer of jobs and conditions as well as sustainable funding models.⁸²

78 See for example, “Trandev Group: An Overview of Global Operations,” ITF, 2020.

79 Author’s interview with John Lyons, ATU, 21 October 2020.

80 <https://blogs.worldbank.org/ppps/how-world-bank-looking-covid-19-and-public-private-partnerships-right-now-and-post-crisis>; <https://blogs.worldbank.org/transport/protecting-public-transport-coronavirus-and-financial-collapse>; World Bank, *Best Practices in City Public Transport Authorities’ Responses to Covid-19*, 5 May 2020.

81 <https://www.itfglobal.org/en/sector/urban-transport/people%E2%80%99s-public-transport-policy>.

82 For a discussion of the complexities of maintaining employment and conditions in the process of remunicipalisation see, Daria Cibrario, *The Labour Dimension of Remunicipalisation: Public Service Workers in Transition*, in *The Future is Public: Toward Democratic Ownership of Public Services*, Transnational Institute, 2020.

2. PRIVATISATION PRESSURES

Another possibility is that the crisis will result in further pressures to privatise. In North America, where public entities (PTAs) managing and operating LPT services are facing not only revenue losses, but also long-standing debt, pressure is already building up. Here, multinationals First Transit, Keolis, MV, National Express, RATP Dev and Transdev have come together as the North American Transit Alliance to promote themselves as the expert, high-tech, efficient solution for policymakers, legislators and PTAs to the distress LPT systems are facing under the pandemic.⁸³

The experiences of municipalities and workers around the world demonstrate that outsourcing LPT services to the private sector generally means inferior services, more safety risks and worse pay and working conditions, while failing to provide local government with meaningful cost savings in the long run.⁸⁴ Unions need to prepare themselves for defensive fights to keep services public tied to offensive fights for sustainable funding models and remunicipalisation if opportunities present themselves.

3. GREEN TRANSPORT AND DIGITALISATION

Arguments for public transport-oriented stimulus are supported by the goal of a green transition for the transport industry. A good deal of work has been done to demonstrate that expansion of public transport capacity and use, coupled with a reduction in private vehicle use and transition to clean fuel and energy production, is the most effective means for reducing transport-related CO₂

emissions.⁸⁵ The ILO and the United Nations Economic Commission for Europe estimate that stimulating public transport use by doubling investment and making it free would create a net gain of five million jobs worldwide, taking into consideration the loss of employment in high emission transport-related sectors (such as fossil fuel and automobile production).⁸⁶ Separate research by the International Energy Agency estimates the employment multiplier (jobs per unit of investment) for the automotive sector to be lower than that for investment in pedestrian and bike lanes and electric vehicle charging facilities.⁸⁷

Growing interest in walking and cycling infrastructure, as well as other forms of micro- and e-mobility, has indeed been a feature of the pandemic. This is because in addition to being non-CO₂ emitting, these forms of transport involve no or very low risks of infection. Following an early push by cities and countries around the world to establish temporary (pop-up) bike and walking lanes, efforts are now underway to make these changes permanent.⁸⁸

Micromobility can complement and even stimulate LPT use, but without proper planning and coordination it can also become a competitor. This reality underscores the importance that PTAs be given authority and control over micromobility and its integration with LPT systems. However, private mobility providers and other tech companies providing individualised passenger transport and Mobility as a Service (MaaS) see the pandemic as an opportunity to expand their involvement in the sector. They envision a restructuring of the role of PTAs from one of

83 <https://natransitalliance.org/>

84 Daniel Pulido, *The Urban Rail Development Project*, World Bank Group, 2018; Julian Dehornoy, *PPPS in the Rail Sector – A Review of 27 Projects*, SNCF French National Railways, 2012; Asian Development Bank, *Hazards Analysis On Public-Private Partnership Projects in Developing Asia*, July 2018; John Quiggan, *Franchising and privatisation of public transport: A History of Failure*, RTBU, 2019; David Hall, *Why Public-Private Partnerships Don't Work*, PSIRU, 2012. (Includes cases studies in a separate document.) Kate Bayliss & Elisa Van Waeyenberge, *Unpacking the Public Private Partnership Revival*, *The Journal of Development Studies*, Volume 54, 2018 - Issue 4.

85 Sean Sweeny and John Treat, *The Road Less Travelled: Reclaiming Public Transport for Climate-Ready Mobility*, Trade Unions for Energy Democracy, 2019.

86 ILO and UNECE, *Jobs in Green and Healthy Transport: Making the green shift*, 2020.

87 International Energy Agency, *World Energy Outlook Special Report: A Sustainable Recovery*, 2020.

88 <https://www.ft.com/content/5559f016-1f9f-4fab-9020-71e69c6debc3>; <https://www.theverge.com/2020/5/13/21257307/electric-scooter-bikeshare-covid-19-bird-lime-uber-subsidies>; <https://www.wsj.com/articles/coronavirus-accelerates-plans-to-put-urban-commuters-on-bicycles-11596208490>; International Transport Forum, *Covid-19 Transport Brief: Re-spacing Our Cities for Resilience*, 2020.



'authority' to one of 'integrator' in a horizontal private-public partnership relationship with mobility providers.⁸⁹ Unions need to monitor this situation to be able to respond to threats to LPT's role and the likely expansion of private involvement in the sector in the name of addressing the health and climate crises through digitalisation.

4. JOB CREATION

Despite sometimes being referred to as stimulus measures, emergency funding for LPT during the pandemic has to this point been less about stimulating the economy than about relief. Moving forward, however, governments will seek to shift from an urgent care to a stimulus approach, i.e. one that focuses on spurring economic growth and employment. 'Stimulus' is normally associated with investment in transport infrastructure, stereotypically construction and expansion of roadways. Already governments around the world are showcasing nationally-funded infrastructure development projects as part of their recovery efforts, although it is unclear that infrastructure investment has actually increased over previous years.⁹⁰

At least some research suggests, however, that investment in public transport – particularly public transport operations and maintenance – may in fact be more beneficial to the economy than funding construction for shovel-ready projects. One such study, carried out by Smart Growth America and Transportation for America, looked at the relationship between the use of American Reinvestment and Recovery Act (ARRA) funds and employment in the wake of the 2008-9 economic crisis. The ARRA gave states USD26 billion in flexible dollars to spend on surface transportation capital projects and

89 <https://www.intelligenttransport.com/transport-news/97958/maas-providers-must-engage-now-to-plan-for-post-pandemic-growth-says-report/>; F. Audenhove, et. al., *The Future of mobility Post-COVID: During the crisis into an opportunity to accelerate towards more sustainable, resilient and human-centric urban mobility systems*, 2020.

90 <https://www.transit.dot.gov/newsroom/press-releases>; <https://www.canada.ca/en/department-finance/economic-response-plan.html#industry>; <https://www.infrastructure.gc.ca/plan/about-invest-a-propos-eng.html>; <https://www.transport.gov.scot/news/17-million-in-cycling-friendly-funding-available-in-2020/>; <https://www.transport.gov.scot/news/17-million-in-cycling-friendly-funding-available-in-2020/>

USD8.4 billion for public transport capital projects. The study found that funds spent on public transport produced 70 percent more job hours than money spent on highways. It also found that support for operating costs generally produces the most jobs (because operating costs are mostly labour costs) and that ARRA's requirement that PTAs spend money only on capital costs "both slowed recovery and created additional costs, leading to bizarre outcomes like agencies (PTAs) having money to buy new buses they couldn't afford to operate".⁹¹ The study recommends that future stimulus packages should avoid the traditional focus on shovel-ready road construction, and instead "create the most jobs for dollar" by investing in public transport operations as well as expansion, improvements and maintenance.⁹²

Moving forward, unions will need to make concrete assessment of the overall employment impact of different forms of LPT investment.

5. PARTICIPATION AND OVERSIGHT

The level at which unions and users have been included in the planning and oversight of LPT services and funding since the start of the pandemic has varied in different cities and countries. In Italy, however, where tripartite dialogue is well established, unions have participated in discussions with the central government and employers on service levels and funding priorities on a regular basis. This is uncommon in many countries, particularly outside of Western Europe, although Section IV-6 (p. 13) looks at a few cases where unions and/or civil society groups have been consulted in relation to emergency funding on the local level. The TransitCenter notes that a lack of sufficient consultation with riders and workers in the United States at the beginning of the pandemic meant that blanket service cuts ended up

91 Smart Growth America and Transportation for America, *Learning from the 2009 Recovery Act: Lessons and recommendations for future infrastructure stimulus*, 3.

92 Smart Growth America and Transportation for America, "Learning from the 2009 Recovery Act," 2020.



disproportionately hurting essential workers and communities of colour.⁹³

Going forward, unions will need to fight for the right of workers and the groups of users most dependent on public transport to participate in discussions on LPT funding, and in the planning of LPT systems and oversight of their operations. This means calling on PTAs and governments to go beyond symbolic appointments of a few civil society representatives to governance bodies and implement continuous consultative processes that solicit feedback from frontline workers and the people who use public transport every day.⁹⁴ It also requires the introduction of structures that include unions in economic decision-making at all levels, from the workplace to policymaking.

In order for unions to make demands for such procedures and structures, however, we first need to be clear about what we are going to put on the table once we are seated at it. This report is meant to stimulate debate within and among unions that will assist in the development of proposals for sustainable and socially just LPT funding and LPT systems. Its main recommendations are summarised in the final section.

VII

RECOMMENDATIONS FOR SUSTAINABLE AND SOCIALY JUST LPT FUNDING

1. **Timely, fair and sufficient emergency funding for LPT services**

Emergency funding for LPT is already running out. Governments should commit to continued funding to help LPT systems get through a protracted and uncertain recovery, without requiring extensive cuts to jobs and services.

2. **Emergency funding for all PTAs and PTOs**

Emergency funding should be available to operators in both the public and private sector based on what is needed to maintain appropriate services levels and keep workers, including subcontracted workers, employed.

3. **Conditions and oversight to ensure emergency funding is used to protect workers and users**

PTAs and PTOs receiving support should be required to protect workers' employment (including through the use of existing employment support, short-time work and temporary layoff schemes where they are available) and submit to democratic oversight structures with union participation. Private operators should be required to suspend payment of dividends and share buybacks, cap executive salary and submit to closer control by local authorities. Emergency funding should be used to protect workers' and users' health and safety as well as keeping workers employed and services running.

⁹³ <https://transitcenter.org/what-transit-agencies-get-wrong-about-equity-and-how-to-get-it-right/>

⁹⁴ For examples of such processes see, TransitCenter, *What Transit Agencies Get Wrong about Equity, and How to Get it Right*, 2020.



4. Resistance to privatisation; consideration of remunicipalisation together with sustainable funding models and protection for workers' jobs in the transition

Subcontracting and privatisation should not be made a condition of emergency funding, nor be misunderstood as a way out of financial distress caused by the pandemic. In the case that private operators cannot fulfil contract obligations or violate emergency funding conditions, cancellation of contracts and remunicipalisation should be considered, together with clear protections for workers' jobs in the transition and sustainable funding models to ensure pressures to cut services and jobs resulting from the pandemic are not transferred to the public sector.

5. Sustained national government funding for operating costs to support LPT and employment

Increased national government funding for LPT operations, not only capital costs, should be part of national government plans to stimulate the economy and create jobs. Strong consideration should be given to reallocating funds from road construction to LPT and the use of redistributive tax policies. Table 5 in the Appendix provides an overview of potential national funding sources.

6. Development of sustainable funding models and minimisation of cuts to services and jobs, particularly for the most vulnerable

Sustainable funding models for LPT should be developed, taking into account sustainable debt, fares and wage levels and accounting for the social impact of LPT. Local funding sources should redistribute benefits from high-income/high-mobility groups and communities towards low-income/low-mobility groups and communities, and support LPT

use while requiring car users to pay for the social costs of car use. Table 6 in the Appendix provides an overview of potential local funding sources that can be considered. While a prolonged economic crisis may make some cuts unavoidable, these should not burden the workers and users who are the most victimised by the pandemic.

7. Fares maintained at levels that promote LPT ridership and support disadvantaged groups

Fares should not be raised during the crisis. In the long term, fares should be rationally set at levels that do not discourage LPT use or penalise the low-income users that depend on LPT the most. Along with strong funding structures, municipalities should consider fare-free services for disadvantaged groups as a means of redistribution and to support climate justice.

8. Prioritisation of protections for the most vulnerable and equalising and raising conditions

Labour costs are a huge part of LPT operating costs and ultimately paid by the public. Especially during the crisis, resources should be used to protect the most vulnerable workers – those in low-income, insecure jobs. In the long-term, budgeting (and collective bargaining) practices should seek greater equality and improved conditions for all workers across the public and private sectors, regardless of their form of employment.



9. Solidarity for monetary support and debt relief for developing countries

To be truly sustainable, funding for LPT, which is aided by the ability to increase national debt and low interest rates, should not be at the expense of workers and LPT users in developing countries, which are suffering from high debt servicing requirements, in part as a result of monetary and fiscal policies in the developed world. Governments, companies and workers in developed countries should support increased IMF special drawing rights, funding for public services from development banks without austerity requirements and debt forgiveness for developing countries to help close the stimulus gap.

10. Democratic participation in economic decisions and LPT planning

Sustainable funding models must be developed and implemented as a part of wider LPT planning processes, which actively include the participation of workers and users. Systems for continuous consultation and the inclusion of unions in economic decision-making should be introduced.

APPENDIX
TABLE 4:
Select National Emergency Funding Packages for Local Public Transport
(as of November 2020)

COUNTRY	PACKAGE	AMOUNT*	RECIPIENTS	TIME-FRAME	CONDITIONS	ALLOCATION & DISTRIBUTION	OTHER
United States	Cares Act (April)	USD 25 billion	transit agencies** nationally, sub-allocated to contracting operators	No time limit set, but predicted to last 5.4 to 8.3 months for large transit agencies and 12.6 to 20.8 months for small agencies	Subject to the conditions for normal federal public transit funding (reporting requirements are less stringent); in particular, prevailing wage for federally funded construction, alteration and repair and Federal Transit Act Section 13(c) labour protections ¹ cannot be waived (i.e. apply)	Allocated based on formulas for ordinary federal grant programs, covering up to 100% of operating costs; distributed to 'designated recipients' in census-defined urbanised areas (transit agencies or State Depts. of Transport) and then reallocated to agencies and contracting operators in the area	
Canada	Safe Restart Agreement (July)	CAD2.3 billion for public transit CAD2 billion for municipalities may also be used for transit	transit agencies nationally, sub-allocated to contracting operators	Municipal funds expected to cover 6 to 8 months of shortfalls; transit allocations in some provinces going into 2021	Provinces must provide a matching grant in order to be able to access federal funding; Ontario has conditioned 2021 round of funding on evaluation of 'low-performing' bus routes for replacement with microtransit (private on-call vans or minibuses)	Allocated based on transit ridership; provinces and territories must submit a letter outlining plans for matching grants and how funds will be used; funds are transferred to municipalities (and transit agencies) through provinces	

¹ United States Federal Transit Act Section 13(c) protective arrangements include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Transit Cooperative Research Program, Legal Research Digest, June 1995, No. 4.

TABLE 4 continued: Select National Emergency Funding Packages for Local Public Transport (as of November 2020)

COUNTRY		PACKAGE	AMOUNT*	RECIPIENTS	TIME-FRAME	CONDITIONS	ALLOCATION & DISTRIBUTION	OTHER
U.K. England	London	TfL emergency funding agreement (R1*** May, R2 Nov.)	R1 GBP1.095 billion grants GBP505 million loans (can be increased by GBP300 million); R2 GBP1.8 billion (GBP905 million grant, GBP95 million loans)	Transport for London (London PTA)	R1 17 April through 17 Oct., extended 2 weeks; R2 18 Oct. through 31 March 2021	R1 agreement between central government and TfL/Mayor of London required full restoration of services as soon as possible, collecting fares on buses while ensuring driver safety, temporary suspension of free travel for riders over 60 in the morning peak hours and all day for riders under 18, increase of fares by 1% above inflation in 2021 (ending a four-year fare freeze), increase of London congestion charge to GBP 15, reporting of staff absenteeism rate, a long-term review of TfL finances (with the goal of identifying efficiencies) and Dept. for Transport representation on TfL's board; the R2 agreement requires TfL and/or the Mayor to make further budget cuts, work with the government to review the potential implementation of driverless trains and raise money to keep concessionary fares alive in the future, set aside money for temporary walking and cycling infrastructure. The second agreement also establishes an Official level Oversight Group	Grant money for both periods paid in instalments over fixed periods; loans take the form of borrowing by TfL from the Public Workers Loan Board; the second funding period assumes passenger demand at 65% of pre-Covid levels.	
	Outside London	R1 Covid-19 Bus Service Support Grant (CBSSG) (March), R2 CBSSG Restart (CBSSG-R) (May), R3 Emergency support for buses and light rail systems (August)	GPB700 million total including GBP218.4 million for buses, GBP37.4 million for trams in R3	13,000 local bus services; Manchester Metrolink, Sheffield Supertram, Nottingham Express Transit, West Midlands Metro, Tyne and Wear Metro	August allocation runs 12 weeks before being reviewed for light rail and until no longer needed for buses	Bus operators must agree with local authorities on at least a four-weekly basis what service level is needed and comply with reasonable request to amend timetables, no increase in bus fares; local authorities are encouraged to make contract payments and payments covering concessionary fares at pre-Covid levels	Calculation of payments for bus operators based a proportion of the services kilometres operated in the same period in 2019 at first (R2) and later based on actual kilometres operated; grants are designed to avoid both net profits and net losses to operators	

TABLE 4 continued: Select National Emergency Funding Packages for Local Public Transport (as of November 2020)

COUNTRY		PACKAGE	AMOUNT*	RECIPIENTS	TIME-FRAME	CONDITIONS	ALLOCATION & DISTRIBUTION	OTHER
Scotland	Buses	R1 Covid-19 Support Grant (CSG) (March), R2 Restart (CSG-R) (June), R3 CSG-R extended (August), R4 (October)	CSG maintained subsidies for concessionary fares and operations at pre Covid levels; CSG-R GBP162.7 million (R2 GBP46.7 million, R3 63 million, R4 6 million)	Private bus operators who agree to conditions	Through 17 January 2021	CSG, continue to maintain services at 25-35% and engage with local authorities and health board to determine appropriate services; CSG-R, operators must conclude a public service contract with Transport Scotland setting grant conditions including services and schedules based on policy objectives, prohibition of fare increases during the grant period and making use of other existing support schemes	Transport Scotland contacted all eligible operators ahead of grant period; CSG-R includes a one-time payment to help restart followed by payments every 4 weeks based forecast live kilometres; a detailed financial reconciliation is meant to take place at least every 12 weeks	
	Strathclyde & Edinburgh	Emergency support for Glasgow Subway and Edinburgh Trams (R1 July, R2 October)	GBP13 million (R1 GBP5 million for Glasgow Subway, GBP4 million for Edinburgh Trams, R2 GBP4 million total)	Strathclyde Partnership for Transport (SPT, PTA for Strathclyde which operates subway in-house) and Edinburgh Trams (subsidiary of Transport for Edinburgh)	July to December	No identified conditions	Follows detailed discussions with SPT and Edinburgh Trams undertaken in accordance with the Covid-19 Framework for Decision Making and the Transport Transition Plan, aimed at easing restrictions on movement, supporting economic recovery and developing the future of transport in Scotland	
Wales		R1 Bus Hardship Fund (April), Bus Emergency Scheme (R2 Aug, R3 Sept.)	GBP140 million plus total	Private bus operators	Through 2020	Bus Hardship Fund supported operators providing free transport for NHS workers; Bus Emergency Scheme requires working with local authorities and Transport for Wales to match evolving supply and demand; using reasonable endeavours to comply with Welsh Government guidance on the safe use of public transport; seeking financial support through all other available grants; not increasing commercial bus fares; providing information to help improve services for passengers	Allocation is based on overall hardship of operators rather than size or per km amount as in other parts of UK	Public statements by the government suggest a desire to use support as a starting point for more public regulation of the bus system

TABLE 4 continued: Select National Emergency Funding Packages for Local Public Transport (as of November 2020)

COUNTRY		PACKAGE	AMOUNT*	RECIPIENTS	TIME-FRAME	CONDITIONS	ALLOCATION & DISTRIBUTION	OTHER
Germany	Local and regional public transport	Part of fiscal stimulus package (June)	EUR2.5 billion	Local and regional public and private PT operators	Payable up to 31 Dec. 2020 for the period 1 March to 31 Aug.	Based on matching grant by the federal states, with most states contributing; fulfilment of contract obligations and no double payment for costs covered by other support measures; otherwise no stated condition	Federal states are responsible for implementation, review and payment of the aid based on federal regulations; applications can be submitted until 30 Sept.; there is some variance by state. Recipients provide proof of actual damage by Sept. 2021, after which a financial reconciliation takes place	Discussion on emergency funding for 2021 is currently underway
	Coaches	Emergency support for operators (July)	EUR170 million	Coach operators	Payable in 2020 for the period 17 March to 30 June	Non-repayable grants in exchange for equity benefits; no double payment for costs covered by other support measures; bus emissions grade must be Euro V grade or higher	Operators can apply to Federal Office for Goods Transport (BAG) by 30 Sept.; maximum grant is EUR26,334 per bus	
France		Emergency support for Île-de-France Mobilités (Sept.)	EUR2.6 billion subsidy repayable over 3 years	Île-de-France Mobilités (IDFM, PTA for Paris and Île-de-France region)	Paid in 2 instalments, one in Sept. and the second by the latest in early 2021	No stated conditions other than maintenance of services, although the support comes in the context of an on-going plan to liberalise services. (Currently all contracts are direct awards to RATP, SNCF and private bus operators through the association OPTILE)	Funding is calculated to offset 90% of the projected loss in Versement Transport (mobility tax) revenues (50% of IDFM's funding structure) and 75 to 90% of projected loss in fare revenues (30% of the funding structure)	The government and IDFM agreed to meet again in 2021 and 2022 to measure the impact of the pandemic and potentially reassess the agreement. On 14 Oct. the government also announced plans for a similar package for MOAs (organising mobility authorities) outside of the region, but details have not been decided

TABLE 4 continued: Select National Emergency Funding Packages for Local Public Transport (as of November 2020)

COUNTRY	PACKAGE	AMOUNT*	RECIPIENTS	TIME-FRAME	CONDITIONS	ALLOCATION & DISTRIBUTION	OTHER
Italy	Relaunch Decree (May) 2nd support decree (Aug.)	Total EUR900 million (EUR500 million, EUR400 million)	Local and regional PT operators subject to PSO obligations	Through Dec. 2020	No conditions other than continuation of services	The amount allocated to each region is based on 55% of revenues from the period 23 Feb to 3 May 2018 and is transferred to the regions and provinces, which are then responsible for funding transport operators; final calculations and reconciliation of funds will be carried out after operators submit revenue data by 31 July 2021	The Relaunch Decree also provided for the advance of 80% of allotted funds from the ordinary federal Local Public Transport Fund to the regions by June 30, and then an advancement by local authorities of at least 80% of contractual fees by 31 April to operators to ensure the continuation of operations, and authorised the use of 5% of state resources for fleet renewal for containment measures instead. Separate funds of EUR20 million each were also established to support operators of school transport and bus services not subject to public service obligations
Spain	R1 Part of support fund for autonomous regions - emergency support for urban and interurban buses and metros (June); R2 Extraordinary loan to support public transport services owned by local entities (Aug.)	R1 EUR800 million; R2 EUR275-400 million loan	R1 Madrid Regional Transport Consortium and Barcelona Metropolitan Transport Authority (49%), intercity bus lines (34%), other bus and metro systems under regional competence (13%) Canary Islands interurban bus (4%) (June); R2 local operators	R1 Distribution planned in November; R2 Loan application period Aug. – Oct.	No conditions identified	Loans based on 33% of revenue from fares in 2018; heads of the relevant bodies for municipalities and councils submit certificates verifying the amount to the General Directorate of Land Transport before 5 Oct.	Since July the government has allowed the renegotiation of state contracts for public transport services by road; discretionary bus services not deemed essential services have only had access to temporary layoffs and short-term work schemes and are facing severe financial difficulties

TABLE 4 continued: Select National Emergency Funding Packages for Local Public Transport (as of November 2020)

COUNTRY	PACKAGE	AMOUNT*	RECIPIENTS	TIMEFRAME	CONDITIONS	ALLOCATION & DISTRIBUTION	OTHER
Netherlands	Emergency support for public transport operators (R1 June, R2 Sept.)	EUR2.24 billion (R1 EUR1.5 billion, R2 EUR740 million)	Regional and local public transport operators with concessions, NS (national railway) and Frisian Islands ferry services	R1 through Dec. 2020, R2 through July 2021	No payment of dividends or bonuses or severance pay to directors; agreement has been reached for operators to work on a transition plan with government aimed at cutting 10 to 15% of costs	Compensates carriers for up to 93% of losses; exact method for granting to operators not yet agreed	
Sweden	Emergency support for regional transport authorities (May)	SEK3 billion	Regional transport authorities	Appears to be one time distribution	No conditions identified	Distribution based on size of ticket revenues in each region	
Norway	R1 Emergency support for local public transport (March-April), R2 Revised National Budget (May) R3 crisis package (May) R4 crisis package (Sept.)	Total NOK4.6 billion (R1 NOK1 billion, R2 NOK1.5 billion, R3 NOK 0.6 billion, R4 1.5 billion)	Municipalities responsible for tendering services; private bus operators in small municipalities	June-August	No identified national conditions; Some municipalities have asked bus operators to reduce or change services affecting working conditions	Distribution to municipal governments in large municipalities; municipal government have discretion over use; in smaller municipalities funds go directly to bus operators	Significant pressure on smaller operators, particularly airport and tour bus operators; the latter must use money from a separate scheme for 'unavoidable fixed costs', leading operators to park buses and lay off workers

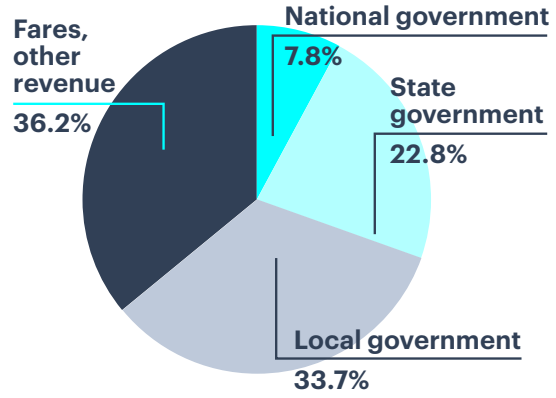
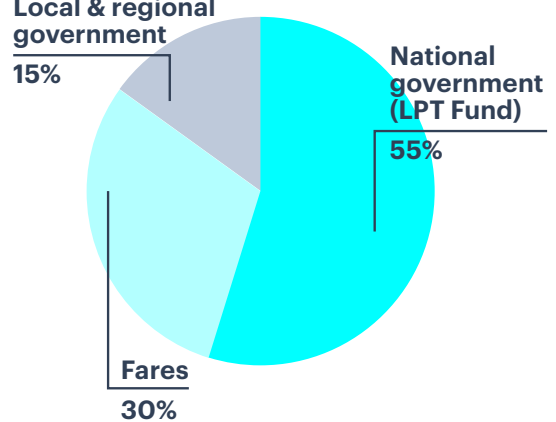
Sources: Central government and transport ministry websites, parliamentary documents, local news articles from each country

* Emergency funding is in the form of grants unless otherwise specified.

** The United States and Canada use the term 'transit' to refer to local public and refer to public transit authorities (which generally run a portion of services in-house) as 'transit agencies'. The American Public Transportation Association defines 'transit agency' as, "An entity (public or private) responsible for administering and managing transit activities and services. Transit agencies can directly operate transit service or contract out for all or part of the total transit service provided. When responsibility is with a public entity, it is a **'public transit agency'**. When more than one mode of service is operated, it is a **'multimodal transit agency'**."²

** R signifies round of funding (R1 = 1st round, R2 2nd round, etc.).

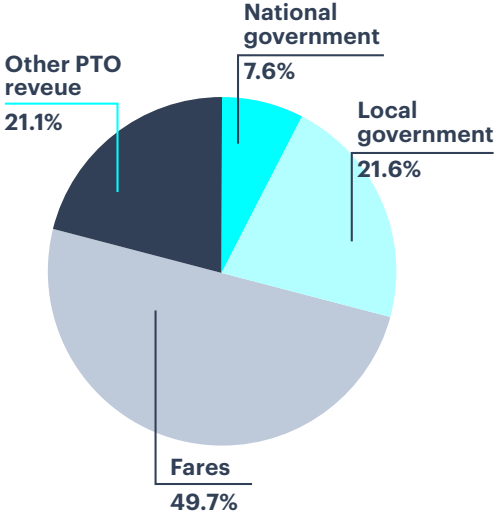
TABLE 5:
Structure of LPT Funding in Select Countries (national average)

COUNTRY	CENTRAL GOVERNMENT FUNDING AND FUNDING STRUCTURE FOR LOCAL PUBLIC TRANSPORT*	FUNDING BREAKDOWN FOR LPT										
<p>United States</p>	<p>The Fixing America’s Surface Transportation (FAST) Act (P.L. 114-94), passed on 4 December 2015, funds federal highway and public transportation programs through 30 September 2021 (this includes a one-year extension past the original expiry date of 30 September 2020). The FAST Act provides USD12 billion annually for the federal public transportation program. 80% of these funds are distributed by formula to local public transit agencies largely for capital costs. Most of the other 20% goes to the Capital Investment Grants Program (New Starts), which supports construction of new local rail, bus rapid transit and ferry systems, and expansion of existing systems. Funding for the FAST Act is raised through taxes on fuel, trucks and tires and a general budget allocation. All but 3 states also provide funding for local public transport. This amount was USD14.2 billion in 2012.¹</p> <p>On average, in 2018 directly generated revenues, including passenger fares, accounted for 36.2% of LPT operating expenses. Local and State sources funded 33.7% and 22.8% respectively. Federal Government sources funded the remaining 7.8%. By contrast, 35% of all capital funds came from federal sources. Directly generated funds from transit agencies, including fares, accounted for about 13.1%, local and state government sources accounted for 16.7 and 15.2% respectively.²</p>	 <table border="1"> <caption>Funding Breakdown for LPT - United States</caption> <thead> <tr> <th>Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Fares, other revenue</td> <td>36.2%</td> </tr> <tr> <td>National government</td> <td>7.8%</td> </tr> <tr> <td>State government</td> <td>22.8%</td> </tr> <tr> <td>Local government</td> <td>33.7%</td> </tr> </tbody> </table>	Source	Percentage	Fares, other revenue	36.2%	National government	7.8%	State government	22.8%	Local government	33.7%
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<p>Italy</p>	<p>The central government operates a Local Public Transport Fund (<i>Fondo nazionale per il trasporto pubblico locale</i>, LPT Fund), which is funded through revenues from excise duties on petrol and diesel and a normal budget allocation. The LPT fund provides central government support for local public transport operating costs.</p> <p>The amount received by each region is based on a formula established in law, which includes a calculation of unit cost. Regions are responsible for transferring funds to provincial and municipal authorities.</p> <p>Roughly 55% of the funding for local public transport comes from the LPT Fund, 30% from fares (single tickets, monthly passes, annual passes) and 15% from other local government revenues (advertising, rents, parking, etc.).</p> <p>A separate central government fund exists for infrastructure development, in particular the introduction of electric vehicles and other climate response measures.</p>	 <table border="1"> <caption>Funding Breakdown for LPT - Italy</caption> <thead> <tr> <th>Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Local & regional government</td> <td>15%</td> </tr> <tr> <td>National government (LPT Fund)</td> <td>55%</td> </tr> <tr> <td>Fares</td> <td>30%</td> </tr> </tbody> </table>	Source	Percentage	Local & regional government	15%	National government (LPT Fund)	55%	Fares	30%		
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1 K. Pula, et. al., *On Track: How States Fund and Support Public Transportation*, National Conference of State Legislatures, 2015, 13.

2 National Transit Database, *2018 National Transit Summaries and Trends*, Office of Budget and Policy, 2019, 11.

TABLE 5 continued:
Structure of LPT Funding in Select Countries (national average)

COUNTRY	CENTRAL GOVERNMENT FUNDING AND FUNDING STRUCTURE FOR LOCAL PUBLIC TRANSPORT*	FUNDING BREAKDOWN FOR LPT										
<p>Germany</p>	<p>Federal government funding for LPT is provided through the Municipal Transport Financing Act (GVFG). This act had two parts up to 2019.</p> <ol style="list-style-type: none"> 1. Contribution by the national government to all federal states for municipal traffic infrastructure (streets, bridges, bike lanes, footpath, parking lots, LPT, etc.) was provided through the Unbundling Act until 2019. Altogether it totalled EUR1.3 billion. In 2020 this was replaced by a higher sales tax contribution for the federal states. Following this change, the fact that some federal states don't use the full amount for the traffic sector has become a problem. 2. Direct contribution from the national government for LPT infrastructure. In 2019 these sources amounted to over EUR332 million. There is a planned increase from EUR332 million to 665 million in 2020 and then by EUR1 billion starting in 2021 and EUR2 billion starting in 2025. Funds will become available to cover renovations in addition to new construction and expansion projects. Projects must have a value of over EUR30 million (exceptions are possible for projects of over EUR10 million), but the municipality must cover 25% of the costs and an evaluation of economic efficiency is required. <p>In addition, the federal government provides subsidies to the federal states for LPT operations called 'regionalisation funds', mostly for local and regional rail services. This amount was EUR8.9 billion in 2019 and is scheduled to increase by 1.8% annually.</p> <p>Finally, the federal government provides subsidies for concessionary fares for the disabled. The breakdown of funding for operating costs, on average, for 2014 was 49.7% fares, 21.1% companies' other revenues (mostly from advertising contracts), 21.6% municipal sources and 7.6% national subsidies for concessionary fares.</p>	 <table border="1"> <caption>Funding Breakdown for LPT</caption> <thead> <tr> <th>Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Fares</td> <td>49.7%</td> </tr> <tr> <td>Other PTO reveue</td> <td>21.1%</td> </tr> <tr> <td>Local government</td> <td>21.6%</td> </tr> <tr> <td>National government</td> <td>7.6%</td> </tr> </tbody> </table>	Source	Percentage	Fares	49.7%	Other PTO reveue	21.1%	Local government	21.6%	National government	7.6%
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Sources: US: [Federal Public Transportation Program: In Brief](#), 2020; Congressional Research Service, [Highway and Public Transit Funding Issues](#), 2019; National Transit Database, [National Transit Summaries and Trends](#), 2018. Italy: Parliament of Italy website; Author's interview with Domenico D'Ercole. Germany: Federal Ministry of Transport and Digital Infrastructure website, Mobi Knowledge website.

TABLE 6:
National LPT Funding Sources

CATEGORY (CONTRIBUTOR)	SOURCE	DESCRIPTION AND USE	EXAMPLES	COMMENTS	COMMENTS
General budget contribution	General tax revenue	May be used for transfers to regions or municipalities or as grants to cover operating and capital costs and new construction, or support concessionary fares; Many 'green' grant programs exist	In the US, allocation from the Treasury Budget has complemented fuel, tire and truck tax revenues in funding public transport allocations and grants for capital and infrastructure costs	General budget allocations exist in several countries in Europe	Governments around the world are engaging in expansive fiscal policies but there is competition with other public services and welfare needs
Charge to individual road and private vehicle users	Pricing of individual road and car use	Taxes on fuel, tolls, eco levy on private vehicles, etc. Used in many cases for transport infrastructure (roads and public transport), but can also be used for operating costs	US Highway Trust Fund; Italy <i>Fondo nazionale per il trasporto pubblico locale</i> (LPT Fund) (for operating costs)	Unions and civil society groups in some countries (UK, South Korea) are calling for funds allocated to road construction to be shifted to public transport infrastructure and operations	Fuel tax and tolls revenues will likely decline
	Heavy goods vehicle charging schemes	Eco levy on individual vehicles using motorways and trunk roads, charges on heavy motor vehicles based on distance	Heavy goods vehicle levy in the UK is used for road construction and maintenance, but could be redirected to public transport infrastructure	Based on calculation of external costs; HMV charges should be paid by employers or road transport buyers, not workers	Restrictions in interstate/long distance travel, lower freight movements will likely decrease, constraining revenues
Debt	Government securities	Treasury bonds sold to public and private creditors, earmarked or as part of general budget financing	Countries globally (particularly in developed economies) have increasing debt to GDP ratios since the 2008-9 global financial crisis	Option to increase sovereign debt is available to developed countries with low interest rates, particularly those using key currencies, but difficult for developing countries with higher debt servicing burdens	Economic crisis creates a competition for credit, where countries with 'less sustainable' debt must raise interest rates to compete with more 'stable' economies, creating a vicious cycle of debt instability

Sources: Schausberger, W. (2020); Rudolph, F. and Werland, S. (2019); Sloman, L. and Hopkinson, L. (2019).

TABLE 7:
Local LPT Funding Sources

CATEGORY (CONTRIBUTOR)	SOURCE	DESCRIPTION AND USE	EXAMPLES	COMMENTS	PANDEMIC IMPACT
Charges to public transport users	Fares	Varies fare systems (by ride, distance or time based, by mode or integrated) for public transport, generally used to cover a portion of operating costs		A trade-off exists between fare prices (farebox recovery rates) and social goals (income subsidy, public transport attractiveness)	Dramatic decrease
Charges to individual vehicle and road users	Pricing of individual car and road use	Direct charge for the use of infrastructure such as parking or road space: differentiated road charging for peak/off-peak hours, congestion charges, environmental charging, parking fees	Implemented in London, Durham, Stockholm, Gothenburg, Milan, Singapore	Based on principle that users (polluters) pay for external cost; potential increase in public transport demand, but may be unpopular	May increase in local areas under low levels of social distancing
	Heavy goods vehicles charging schemes	Mostly at national level; however, municipal roads could also be included, with revenue sharing	Swiss LSVA road toll system for heavy vehicles covering all types of roads	Based on calculation of external costs; HMV charges should be paid by employers or road transport buyers, not workers	Likely to decrease
	Parking management	Usually targeting visitor parking; adequate provisions for residents (e.g. reasonably priced annual permits in combination with a reduced parking pressure) increase citizen acceptance	Used widely	Important lever for reducing individual car use and encouraging modal shift. Availability of cheap parking space may render LPT investment ineffective	

TABLE 7 continued:
Local LPT Funding Sources

CATEGORY (CONTRIBUTOR)	SOURCE	DESCRIPTION AND USE	EXAMPLES	COMMENTS	PANDEMIC IMPACT
Charges to employers and property owners	Employers' contributions	Dedicated taxes on public and private employers for expanding and maintaining public transport	France's Versement Transport; Vienna's Dientgeberabgabe; Nottingham's Workplace Parking Levy	Generally seen as a sustainable form of beneficiary contributions	Likely to decrease more for small employers than larger ones
	Value capture instruments	Taxes or agreed contributions based on land and property, development fees and other mechanism that seek to capture at least a part of the additional value generated by public transport from property owners and land developers. Can include voluntary agreements between developers or property owners towards the cost of LPT infrastructure projects	Property taxes exist in several North American cities, Osaka, Mumbai and Barcelona; Stamp duty land tax (UK, since 2003); Local Improvement District tax on real estate owners to fund South Lake Union Streetcar in Seattle; planning obligations and community infrastructure levies on developers in England and Wales	Links increasing land and property values with the delivery of public transport services	Potentially neutral or less negative impact than other sources
Charges to the general public	General city and municipal budget allocations	Revenues from general tax base and transfers from higher levels of government	This is a traditional way of funding public transport, but size of allocation varies substantially between municipalities		General tax revenues likely to decrease requiring increasing support from higher levels of government
	Local Option Sales Taxes (LOST)	Based on a referendum, PTAs in US levy a surcharge on sales taxes, earmarked for funding transport projects and operations	LA county sales taxes passed through successive referendums	Need to weigh impact to low -income consumers	Likely to decrease

TABLE 7 continued:
Local LPT Funding Sources

CATEGORY (CONTRIBUTOR)	SOURCE	DESCRIPTION AND USE	EXAMPLES	COMMENTS	PANDEMIC IMPACT
Cross-subsidising	Cross-subsidies	Profits from other utilities are reinvested in non-profitable LPT services to maintain their social function; levy on utility use or transfer of revenues between departments	Transit in Pullman, Washington is paid by a 2% levy on publically-owned telephone, water and sewer, electric, gas and garbage utilities; Vancouver hydro-power levy subsidises Skytrain system; In Munich, Germany, the public utility (SWM), of which the public transport operator (MVG) is a subsidiary, cross-finances LPT from its surplus in electricity	Revenues tied to utility rates and usage; liberalisation in Europe may threaten the ability to cross-subsidise between departments	Will depend on the utility, but potentially more stable than other sources
Debt	Municipal or city bonds, PTA or public operator debt	Municipal or city bonds with fixed annual interest rate and timeframe for repayment, to finance transport infrastructure or services. Green city bonds committed to use of the capital for environmentally sustainable mobility projects, e.g. procurement of e-buses or tramway extension	Fairfax County Virginia bond to fund construction and improvement in DC metro; debt issued by public transport authorities (TfL, SPT) or public operators (Seoul Metro) to fund operations	Debt instruments to unlock investment capital for expenditures yielding immediate capital for the issuer while repayments can be extended over a time period of approx. 20-30 years.	Cost of debt financing may be low in developed economies, but much higher in developing economies
Private involvement	Public-private partnerships (PPP)	Private partners are repaid either by contractual repayments or entitled to user charges/fares under a long-term concession arrangement, handing over the asset to the public authority after expiration of the concession contract	Increasingly BRT projects in developing world, light rail and metro lines in Asia are built and operated through PPPs	Means of leveraging of private funds for upfront funding of capital-intensive infrastructure projects with most of the costs incurred during the construction phase and revenue generation only after commissioning	Often involving hidden costs, but particularly risky during the pandemic due to uncertainty of future revenues and lower ability of private operators to withstand shortfalls

Sources: Schausberger, W. (2020); Rudolph, F. and Werland, S. (2019); Sloman, L. and Hopkinson, L. (2019); Ubbels, B. et. al. (2001).



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The background features a series of vertical light blue stripes. A black-outlined callout box with a white background is positioned in the lower-left area, containing the text 'PEOPLE'S PUBLIC TRANSPORT POLICY'. The bottom of the page is decorated with diagonal light blue stripes.

**PEOPLE'S PUBLIC
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