



OUR
PUBLIC
TRANSPORT

PEOPLE'S PUBLIC
TRANSPORT POLICY

**MANIFESTO ON
SUSTAINABLE
PUBLIC
TRANSPORT
INVESTMENT,
FUNDING
AND FARES**



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

June 2023



INTRODUCTION

Public transport workers and our unions now stand at a crossroads. On the one hand, the Covid-19 pandemic has put a massive financial strain on public transport systems, with ridership still not at pre-pandemic levels in many places. Unions in many countries and cities are now fighting defensive battles against cuts to jobs, pay, conditions, and services.

On the other hand, the pandemic demonstrated the vital role public transport plays in local economies and in supporting the right to mobility, particularly for low-income and disadvantaged groups. For millions of people worldwide, public transport is the only option to reach basic public services that enable human rights and a dignified life. The pandemic also focused attention on the essential role that public transport must play in reducing greenhouse-gas emissions and creating good jobs. If it is operated in a sustainable and socially oriented manner, public transport can be a cornerstone of equity and central to achieving the ecological transition we urgently need, including meeting the targets of the UN Paris Agreement.

However, public transport systems 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 public transport systems are planned and funded, they may exacerbate inequalities or contribute to overcoming them.

The question of sustainable investment, funding and fares is central to determining if the future of our public transport systems will be one of slow decline and increased inequality or of improvement, growth and social and climate justice.

Similarly, public transport funding cannot be approached separately from questions of ownership, governance, and operational structure, which determine how and for what investment and funding are used.

As unions representing public transport workers, we have a stake in and duty to chart a path for our public transport systems towards sustainability, equality, and the fulfilment of human rights for all. As actors in shaping our public transport systems, we must play a proactive role in developing investment, funding and fares policies and campaigning to achieve them. These campaigns must be tied to a broader vision for socially just public transport systems that are operated and governed in the interests of the whole of society and the planet.

The ITF People's Public Transport Policy demands that public transport services must be publicly owned and operated and that democratic accountability in the planning, development and future of public transport must be guaranteed. We also demand that investment in public transport is prioritised over investment that fosters private vehicle use, that significant investment and funding is targeted towards sustaining, formalising and integrating informal services, and that public finance supports public ownership and operation.



PRINCIPLE 1:

SUSTAINABLE INVESTMENT IN PUBLIC TRANSPORT SYSTEM EXPANSION AND IMPROVEMENT IS AN INVESTMENT IN OUR COLLECTIVE FUTURE

- A.** Return on investment in public transport systems should be approached from a broad social perspective and therefore be measured at the level of whole systems and societies, not in terms of the profitability or cost efficiency of individual operators. This means an analysis of social and environmental benefits, including: the creation of direct, indirect and induced jobs; increased local and regional economic activity; increased access, equality and quality of life; less congested and safer streets; breathable air; and reduced greenhouse-gas emissions. Metrics for measuring social and environmental benefits can include, but are not limited to, shorter waiting times, less crowding, faster travel from point A to point B, reduced generalised cost for commuters, adherence to health protocols, reduction of greenhouse-gas emissions, improved access for people with disabilities, gender sensitivity, reduced transfers, and safer commutes.
- B.** The clear social goods that come from well-planned, integrated public transport systems, and the urgent need to achieve a modal shift away from private vehicle use to public transport, are strong justifications for increasing the investment allocated for system expansion and improvements in national, regional and local budgets. These justifications extend to allocations from climate action and just transition funds and environment and health budgets, and a wider reorientation away from investment in moving cars to investment in moving people.
- C.** Funding to cover improvements and operating costs must keep pace with investment in expansion. Rapid system expansion that is not accompanied by sustainable funding for operations can weaken the job-creation effect of investment, lead to inefficient systems, and increase privatisation pressures. Public transport systems need well-trained workers at adequate levels to run safely and efficiently; this is a necessary component of a functioning system, not a cost to be minimised over time.
- D.** Investment plans must include: plans to address staffing shortfalls that will be exacerbated by system expansion; training for workers, including on the use of electric vehicles and other new technologies; improving pay and conditions where needed to attract and maintain a skilled workforce; and creating safe and gender-equal workplaces. This includes investment in the eradication of precarious work, in the formalisation of informal enterprises and jobs, provision of social security and health benefits, and the incorporation of informal public transport services into integrated systems. Because formal enterprises and formally employed workers pay more taxes, formalisation can contribute to the funding base for public transport.
- E.** Investment should support integrated systems that are publicly owned and democratically controlled. Research has demonstrated that the use of public-private partnerships (PPPs) to finance public transport infrastructure investment has generated significant profits for private-sector investors, often at the expense of workers' pay and conditions, government counterparts and, by extension, the public who are the ultimate funders and beneficiaries of public transport. There is no evidence that PPPs build infrastructure faster, with greater

innovation or better quality.¹ In addition to general budget allocations and the use of climate financing, value-capture instruments are based on the principle that the government has a right to capture a reasonable portion of the additional economic and property value generated from new public transport infrastructure to finance it. This provides an alternative to PPPs that can support keeping public transport in public hands.

F. Where and how public transport systems are expanded is important. System

expansion and integration should address mobility inequality and the climate crisis in a planned and measurable way. This includes eradicating the inequality in access to public transport between rural and urban areas and low- and high-income communities and supporting the mobility rights of passengers who are on low incomes, disabled, women, non-binary, migrants, ethnic, racial and sexual minorities, young and older. Investment should support sustainable urban planning which includes public transport connectivity, congestion reduction and modal shift.



¹ See, for example: Quiggin (2019). Franchising and privatization of public transport: a history of failure; ADB (2018). Hazard Analysis on Public-Private Partnership Projects in Developing Asia; ILO (2001). The Impact of Decentralization and Privatization on Municipal Services; Alston et. al (2022). Public Transport, Private Profit: The Human Cost of Privatizing Buses in the United Kingdom; Pina (2011). Analysis of the Efficiency of Local Government Services Delivery: An Application to Urban Public Transport; Stanley (2017). Competitive Tendering Hasn't Delivered for Public Transport, So Why Reward Poor Performance. See also the ITF [People's Public Transport Policy](#): Chapter 2 Public Finance.

PRINCIPLE 2

SUSTAINABLE FUNDING MODELS FIT TO THE SPECIFIC CIRCUMSTANCES OF DIFFERENT PUBLIC TRANSPORT SYSTEMS ARE URGENTLY NEEDED

A. The pandemic demonstrated that an overreliance on fare revenue compared to other sources of income is unsustainable and puts public transport systems, workers, and users, particularly those who are most vulnerable, at risk. Central, regional, and local governments must cooperate to develop sustainable funding models, with central governments taking more responsibility for covering operating as well as capital costs. This includes implementing guaranteed pay for transport workers regardless of passenger quantity and subsidising informal public transport services, which are the main means of transportation for the average resident in many contexts, particularly in the global south.

- B.** The needs of public transport systems and the conditions under which they are financed are extremely diverse within and between countries. Funding models must fit the circumstances in which they are employed, including public transport’s modal share, the funding and debt-issuing capacity of local government, modal mix and other factors. We recognise that the ability to mobilise domestic resources is much more constrained in low-income and developing-economy contexts, and that ultimately sustainable funding will require addressing vast inequalities in the international financial system.²
- C.** Funding models must include a diversity of sources, including earmarked sources, to avoid shortfalls in the case of unexpected losses in revenue streams. Finding alternative sources to replace revenue from fuel taxes, a traditional public transport funding source that is now dwindling due to tax cuts in the face of soaring fuel prices and the shift to electric vehicles, is an important present task.



² <https://www.itfglobal.org/en/sector/urban-transport/additional-policy-material>

- D. In keeping with a conception of public transport as a means for fighting inequality, funding models must be redistributive. Redistributive sources include property taxes, levies on increased property value (land-value capture mechanisms), development fees and employer payroll taxes.
- E. Levies on individual car use can create revenue for public transport funding while supporting modal shift. These sources include taxes on vehicle purchase and registration, fuel taxes, congestion charging and tolls, and parking fees and traffic violation fines. However, the use of these levies must be coordinated with other policies to reduce individual vehicle use.

Moreover, overdependence can lead to funding shortfalls as the achievement of policy aims will reduce revenues.

- F. Labour costs represent 50-80% of public transport operating costs, costs that are ultimately paid by the public.³ Operating funding should prioritise the improvement of the conditions of the most vulnerable workers – those in low-income, insecure jobs, who are often women, migrants and ethnic and racial minorities – along with maintaining and increasing services for low-income and other marginalised users. Employment, budgeting, and collective bargaining practices should seek increasingly greater equality in pay and conditions for all workers across integrated systems.



³ ILO (2021). Meeting report for the technical meeting on the future of decent and sustainable work in urban transport services, 16



PRINCIPLE 3

ALONG WITH SUSTAINABLE FUNDING AND INVESTMENT, FARE STRUCTURES MUST SUPPORT MARGINALISED PASSENGERS AND FACILITATE A RAPID INCREASE IN PUBLIC TRANSPORT RIDERSHIP

- A. The pandemic demonstrated the need for unions to take positions on fare levels and systems that support recovery and expansion of ridership and solidarity with low-income and other marginalised users, while also being consistent with the goals of maintaining and improving working conditions, filling labour shortages, and maintaining and expanding well-integrated, well-functioning public transport systems. We can avoid falling into the false dichotomy of low fares versus good working conditions if we approach fares as an integral part of a sustainable and redistributive funding structure.
- B. Fare levels and structures must address inequality and encourage a massive upscaling in public transport use. To do this, public transport costs must be kept below 15% of family income for low-income users. Distance-based fare systems which disadvantage commuters in lower-income outlying areas should be avoided.⁴
- C. Fare systems should be regionally or nationally integrated to improve user experience and support integrated networks. Fare structures should be transparent and equitable, providing riders and other residents with the confidence
- that they are paying the right amount for the right journey (both in direct fares and in taxation). This is most easily accomplished through an integrated system with full public ownership.
- D. Discount fares or fare-free systems should not be introduced without meeting the prerequisites that will ensure that workers and systems can manage the loss of revenue and increase in ridership. These prerequisites include:
1. Securing additional funding sources to make up for the loss of revenue;
 2. Adequate infrastructure, rolling stock, and service frequency to accommodate increased ridership;
 3. Adequate staff with adequate training and fair conditions to avoid excessive overtime and fatigue;
 4. Adequate security to minimise exposure of workers and passengers to violence and harassment.
- E. The appropriate fare system for each public transport system will be different based on user composition, geography, ridership levels, and available funding mix. However, new fare systems should always result from negotiations with workers and unions. Fare policies that address inequality and encourage ridership which unions can support include the introduction of solidarity fares, discounted flat-rate fares, and fare-free public transport. Each of these fare systems has advantages and disadvantages that must be considered in relation to local circumstances.
- F. Solidarity fares are fare systems in which the price of transport is set based on household income level. They can be implemented by providing free or less expensive passes to low-income groups, refunding part of the cost of public

⁴ https://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/documents/Paris_handbook_good_practices_who%20pays%20for%20what.pdf

transport after use, or making travel from low-income neighbourhoods free or less expensive. Such systems are appropriate when the passenger base is characterised by high levels of inequality. Many unions support these types of fare systems because they address inequality while having the advantage of maintaining fare revenues. However, they have higher administrative costs than other fare systems.

- G.** Discounted flat-rate tickets allow passengers to use all public transport modes in the covered area without limit in a specific time period for a fixed (low) price. These systems are attractive because they are easy to use and greatly encourage public transport use, including a switchover from private vehicle use. However, experience with their rapid introduction in some countries without the necessary prerequisites in place has put significant strain on workers and public transport systems, leading to stress and delays. They can also disadvantage users in areas where sufficient services are

unavailable and result in underfunding unless other resources are secured.

- H.** Fare-free public transport refers to the provision of public transport free of cost at the point of use. Fare-free systems operate without tickets or through the distribution of zero-fare tickets. Cities that implement fare-free tend to be small or mid-sized and have low farebox recovery ratios. Fare-free systems are symbolic of a concept of public transport as a public good or universal public service. They are also advantageous because they speed up boarding times, thus reducing travel time, and reduce costs associated with ticket collection and fares enforcement. They encourage public transport use, although some studies show that service quality is more important to users, and some fare-free systems have been discontinued after service quality declined. Like discounted flat-rate fares, introduction of fare-free systems before prerequisites are met can lead to underfunding and stress on systems and workers.





PRINCIPLE 4

SUSTAINABLE INVESTMENT, FUNDING AND FARES POLICIES MUST SUPPORT PUBLICLY OWNED AND DEMOCRATICALLY CONTROLLED INTEGRATED SYSTEMS THAT MEET UNIVERSAL GOALS

- A.** To meet the needs of workers, users, local communities and the planet, public transport systems must be well integrated on multiple levels. These include:
1. Route rationalisation and integration;
 2. Integration of fares and information systems, achievable through digital ticketing and smartcards;
 3. Integration of informal services and investment in the transition from an informal to a formalised, efficient system;
 4. Integration of timetables and modes, allowing for smooth transfers;
 5. Integration of operations, infrastructure planning and management and system planning;
 6. Integration of governance structure across networks; and
 7. Integration of public transport planning with urban planning and the planning of public services to meet social and environmental needs.
- B.** Public ownership on the system-wide level supports integration and the efficient operation of public transport systems towards the achievement of social and climate goals, while creating the basis for democratic governance. Where full public ownership is unfeasible in the near future, responsible public contracting must characterise any integration of private operators within a public transport system.
- C.** Worker-led cooperative ownership on the operator level, as a form of public-community partnership, can support formalisation and integration into wider systems and worker participation in governance.
- D.** Public transport should be democratically governed. This requires the clear positing of universal social and environmental goals and decision-making by democratic, representative, and accountable governance bodies, which involve all levels of government, elected local representatives and representatives of workers, users (especially those from marginalised groups) and other stakeholders.
- E.** Democratic governance also requires public transport authorities to implement real, meaningful and continuous stakeholder consultation processes, targeting groups that are most impacted by public transport policy decisions.
- F.** Democratic governance requires workplace democracy. This means that workers have a say on the job and in public transport policies through their union, and that collective bargaining occurs in an integrated manner on a system-wide scale and is aimed at the equalisation and collective improvement of conditions.



**OUR
PUBLIC
TRANSPORT**

ITF Our Public Transport

www.OurPublicTransport.org
#OurPublicTransport
opt@itf.org.uk

People's Public Transport Policy

www.OPTpolicy.org

The background features a series of vertical light blue stripes on a white background. 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 on a white background.

**PEOPLE'S PUBLIC
TRANSPORT POLICY**