

Development of the public service in public transport

Sustainable framework conditions for RPT

To ensure that customers can continue to benefit from high-quality and extensive public transport services, the Swiss transport companies – in conjunction with the Swiss Confederation and the cantons – are committed to developing regional passenger transport (RPT). It is only possible to secure investment, digitize and improve services and promote innovations with the basis of a financially solid system. Accordingly, amendments to the legal framework conditions for regional passenger transport are planned through a revision of the Passenger Transport Act (PTA). However, as the proposed changes only partially resolve the current challenges in the RPT system, PostBus is calling for additional development measures to improve the RPT system. This includes creating a consistent business model and promoting electric mobility.

Background

Every day, more than 430,000 passengers travel with PostBus on 936 bus routes throughout Switzerland. Acting as a link in the public transport system, PostBus plays the key role of “shuttling” passengers between different transport connections, providing access to large areas of the country as a fine-scale distributor. Most public transport passengers in Switzerland use regional services, which is why a great deal of importance is placed on regional passenger transport (RPT) for the Swiss economy. Today, PostBus mainly operates in this field. Although the regional passenger transport system has proved its value, it must now rise to new challenges. With the aims of ensuring secure long-term financing, creating greater efficiency and simplifying the order process, a reform of regional passenger transport was initiated through a motion in 2013. In conjunction with the cantons and the public transport sector, the Federal Office of Transport (FOT) drew up a bill on the amendment of the Passenger Transport Act. In response to this, the Federal Council adopted the dispatch for Parliament on 4 June 2021. This was intended to enter into force in summer 2022.

PostBus’s position on the revision of the Passenger Transport Act (PTA)

PostBus considers it important that the revision of the Passenger Transport Act creates greater clarity, transparency and efficiency in regional passenger transport. For this reason, PostBus played an active role in drawing up the Swiss Association of Public Transport’s (APT) sector position statement and fundamentally shares these views. PostBus believes that the major benefits of the bill – which aims to develop the RPT system – are to be found in the introduction of target agreements and a national benchmark system and in the expansion of the tools used to promote innovation.

However, it should be noted that this bill covers only parts of the reform of regional passenger transport that was originally sought. One critical aspect from PostBus’s perspective is that the core targets regarding efficiency incentives for transport companies and simplification of the order process that are set out in the bill are not being met. In light of the tightening of the legal provisions governing use of surplus profit, the changes represent a backwards step and a weakening of the transport companies’ ability to invest and innovate.

In specific terms, PostBus is calling for the following amendments as part of the PTA revision:

No prohibition of interest on equity capital

Under the bill, the Federal Council wishes to introduce a complete prohibition of interest on equity capital, which was previously permitted under certain conditions. This amendment removes incentives for self-financed investments. As a result, the transport companies’ debt capital share will rise constantly, and, in turn, their debt risk. This amendment is also problematic because it was not made until after the consultation procedure, which means that an in-depth analysis of the financial implications it would entail for the companies and owners was not carried out. Accordingly, PostBus recommends that the issues of equity capital financing, internal cost allocation and compensation for negative reserves be

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discussed separately from the current PTA revision, taking account of the ongoing work produced by the "Guidance" project, which was launched by the FOT. The "Guidance" project aims to improve legal certainty in several areas (e.g. competitive bidding, market pricing issues, allowability of costs, accounting and data processing) and incorporate any PTA amendments. Finally, alignment of the PTA with the Ordinance on Subsidies for Regional Passenger Transport (RPTSO) is urgently required to prevent inconsistencies.

Target agreements with development of services

Under the PTA bill, target agreements aim to improve planning certainty and to determine the development of costs and services. In order to achieve this, the legal formulation must contain both the costs and the (medium-term) services as mandatory components. Otherwise, the goal of planning certainty cannot be achieved.

Optimizations in the tender process

PostBus welcomes the use of tenders, as they can improve the transport companies' competitiveness and innovative capacity. PostBus supports the Confederation's efforts to improve the tender process and performance management. At the same time, it is important that price is not the deciding factor in tenders. Relevant changes to procurement law must also be incorporated into the PTA. The term "most financially attractive bid" should be replaced by the term "most beneficial bid". It is essential that procurement law provisions are consistent if the paradigm shift towards greater sustainability and quality competition is to be achieved.

Resources for innovation

Sufficient financial resources for innovation are needed to develop the RPT system. PostBus regards the annual contributions for innovation promotion that are proposed in the bill as insufficient. As well as the piloting of projects, greater emphasis should be placed on successful market launch as a funding criterion.

Equal treatment in data protection

PostBus urges equal treatment in terms of data protection for third parties and transport companies and proposes subordination to private data protection law (in the same way as Swiss Post).

Additional reform measures required

Further reform measures must be implemented promptly to ensure the successful and sustainable development of regional passenger transport in Switzerland:

1. Creation of a consistent business model for transport companies:

In order to secure the future of public transport in the long term and in a sustainable manner, regional passenger transport needs a consistent business model in which the economic strength and investment capacity of the companies are boosted. Clear rules need to be established regarding how transport companies can build up adequate reserves after the COVID-19 pandemic so that the public transport system itself can bear losses itself in the event of negative results, such as fluctuations in revenue or unplanned operating costs, and does not have to rely on additional public funds. At the same time, a solution to compensate for the negative special reserves must be stipulated.

2. Increase of risk symmetry in tendering procedures:

In the current RPT system, the different actors assume different risks. Thus, when efficient transport companies pass on productivity gains, they are often penalized in subsequent tenders. In addition, mandatory adherence to the budget calculation (bid congruity) as well as the lacking pursuit of profit mean that efforts to increase productivity during the year are not pursued with the same vigour. This has a negative effect on economic efficiency and leads to higher costs. Therefore, PostBus demands that risk symmetry in the bidding procedure and tender process be increased and appropriate rules be defined.

3. Advancement of the decarbonization of RPT:

With the increase of decarbonization in motorized private transport, the environmental advantages of public transport tend to decline. In order to ensure that public transport continues to be perceived as an environmentally friendly means of transport and that the proportion of public transport increases, the conversion to alternative drive systems in RPT must be ensured. The prerequisite for promoting electromobility in RPT is the creation of a coordinated infrastructure and therefore financial support from the purchasers.

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