

## Radical Transport Policy Two-Pager #1

# We need fare-free buses! It's time to raise our sights

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Free local bus services could help our towns and cities thrive, and make them more inclusive and liveable. They could be paid for through a public transport payroll levy.

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Bus services in many parts of Britain are in free-fall. Public funding for local bus services in England outside London has been cut by 38% since 2009/10<sup>1</sup>; local authority-supported services have been pared to the bone; patronage is in decline; and the affordability for local authorities of older peoples' free bus travel is repeatedly questioned. In many places, bus fares are now prohibitive for anyone on a low income<sup>2</sup>.

There is nothing inevitable about the current desperate state of our public transport. But we need to raise our sights, and imagine a completely different kind of local public transport service in our towns and cities. UCL's Institute for Global Prosperity has recently issued a challenge to do just that, by arguing that local public transport should be one of seven freely-available Universal Basic Services<sup>3</sup>. Building on the ethos that led to the NHS and free education, they say *"We already accept that certain services should be free at the point of use to the whole population, because we understand that all of society benefits"*<sup>4</sup>.

Free local public transport is a focus of popular campaigning in several countries<sup>5,6</sup>. The rationale is social, ethical and environmental. If we believe that parks, museums and libraries should be free for all, surely local public transport should also be free, so that everyone, rich or poor, can access everything their town or city has to offer? As Brazil's Free Fare Movement argues: *"Transport should be seen as an essential right, not as a commodity"*<sup>7</sup>. Free bus services would address the injustice that low-paid workers in large cities often have to live many miles from their jobs<sup>8</sup>, and would ensure that the 44% of households in the lowest income quintile who do not have a car<sup>9</sup> are not further disadvantaged. They would also reduce traffic pollution: Germany's Environment Minister has recently proposed trials of free public transport in five cities to improve air quality<sup>10</sup>. If we think that it is a good thing for older people to have free bus travel, is it such a big step to think that young people should have a 'Freedom Pass' too? And if most bus trips are by people eligible for free travel, at a certain point the cost of the infrastructure required to collect fares ceases to be worthwhile – it is cheaper and better to make local travel free for everybody.

Although the idea of free local bus services for all might sound radical and unaffordable, it is already happening in around 100 towns and cities worldwide<sup>11</sup>, including more than 30 in the USA<sup>12</sup> and 20 in France<sup>13</sup>, as well as in Poland, Sweden, Italy, Slovenia, Estonia, Australia and elsewhere<sup>14</sup>.

In the USA, places with free public transport are typically small towns, tourism areas, or university towns<sup>15</sup>. They meet the cost of bus services through local sales taxes, payroll taxes, parking fees, visitor charges or student tuition fees. Their motivations vary, but common reasons are to benefit people on low incomes, reduce traffic and parking problems, and make their town more liveable and walkable.

In France, most of the places that offer fare-free public transport are small (population <45,000). But there are seven medium-sized areas (population 70,000-120,000)<sup>16</sup>, of which the biggest to date, Niort (118,000), introduced free public transport in September 2017<sup>17</sup>. From September 2018, Dunkerque, with a population of 200,000, will become the largest fare-free town in France.

Dunkerque is twinned with Middlesbrough, and its motivation for introducing fare-free buses might resonate in Middlesbrough too – Dunkerque sees free (and dramatically improved) local public transport as a way of reviving its struggling economy, and reversing a ‘demographic haemorrhage’ of over 1,000 people per year<sup>18</sup>. At the same time as buses become free, the Dunkerque bus network will be completely redesigned, so that many more people will have a bus service close to their home, and service frequencies will be much enhanced.

The largest city in the world to have made its public transport free is Tallinn, capital of Estonia, with a population of 440,000. Public transport in Tallinn (both buses and trams) was made free to residents in 2013. Tallinn has actually profited from its free public transport: the €12m loss of fares income to its municipal public transport operator was more than offset by a €14m increase in municipal revenues, as more people moved to the city, increasing its tax-base<sup>19</sup>.

Free local bus services could work in Britain too – but it is not feasible or affordable under the current deregulated privatised regime. Instead, local authorities need to be able to plan their bus network as a whole so that it serves local people as effectively as possible for the available resources. They should also be able to set up municipal bus companies (the norm in Germany and Austria) so they can provide services without money being extracted by shareholder dividends.

We should change the law so local authorities can raise money locally to pay for public transport. The French *versement transport* payroll levy is an excellent example of this – a charge of 0.55-2.00% on the payroll of employers with more than eleven workers, which is used by more than 80% of France’s 242 urban transport authorities to raise £5 billion per year toward capital and revenue costs of their public transport networks<sup>20</sup>. One of the reasons French towns are able to contemplate introducing free local public transport is that the payroll levy already meets a high proportion of the cost of their bus networks: in both Niort and Dunkerque, around 90% of costs were met by *versement transport* before the start of free public transport<sup>21, 22</sup>. This means that the extra cost is minimal. The levy is accepted by employers because they benefit from it: it funds good quality public transport services that enable their staff to get to work<sup>23</sup>.

In Britain, public money accounts for over 40% of bus operator revenues, through local authority contracts, reimbursement for trips made by concessionary pass-holders, and grants<sup>24</sup>. In order to make bus services entirely free in England outside London, we would need to spend an extra £1.8b per year (replacing non-concession fare-box revenue of £2b<sup>25</sup>, less £220m in dividend payments<sup>26</sup> if all services were municipally operated). For London, the equivalent figure is £1.2b. Additional funding would be needed for more bus services, to cater for the increase in demand, and local authorities that operate trams would lose some fare income from these due to abstraction if fares continued to be charged. But it would be entirely achievable for a public transport payroll levy that generated about the same income as *versement transport* in France to support free bus services across Britain, and still have very substantial resources left over for investment in improving bus services, supporting cheaper (or zero) fares on local trams, or even building tram networks – which is exactly what is happening in many French towns. For comparison, we spend £10 billion per year on roads<sup>27</sup>, which are free at the point of use (although maybe they shouldn’t be).

If we allowed local authorities here to do as in France, not all of them would introduce a public transport payroll levy, and not all would decide to make bus services free. But many might decide that high quality bus services that were freely available to every citizen would be something to feel proud about, and would make for a more inclusive, equal, cleaner, greener and healthier city. Local politicians in Dunkerque have described the reason for their decision to make bus services free as ‘a matter of quality of life’ and ‘a better way to live together’<sup>28</sup>. Isn’t that what we want too? If so, it’s time to start asking for it.

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- <sup>1</sup> Department for Transport bus statistics BUS0505b: <https://www.gov.uk/government/statistical-data-sets/bus05-subsidies-and-concessions>, accessed 18.02.18
- <sup>2</sup> See for example speech in December 2017 by Manchester Mayor Andy Burnham, available at: [https://www.greatermanchester-ca.gov.uk/news/article/241/mayor\\_sets\\_out\\_major\\_transport\\_overhaul](https://www.greatermanchester-ca.gov.uk/news/article/241/mayor_sets_out_major_transport_overhaul), accessed 14.02.18
- <sup>3</sup> UCL Institute for Global Prosperity (2017) *Social prosperity for the future: A proposal for Universal Basic Services*, available at [https://www.ucl.ac.uk/bartlett/igp/sites/bartlett/files/universal\\_basic\\_services\\_-\\_the\\_institute\\_for\\_global\\_prosperity\\_.pdf](https://www.ucl.ac.uk/bartlett/igp/sites/bartlett/files/universal_basic_services_-_the_institute_for_global_prosperity_.pdf), accessed 27.01.18
- <sup>4</sup> <https://www.ucl.ac.uk/bartlett/igp/news/2017/oct/igps-social-prosperity-network-publishes-uks-first-report-universal-basic-services>, accessed 27.01.18
- <sup>5</sup> CGTPAG (Collectif pour la Gratuité des Transports Publics dans l'Agglomération Grenobloise) (2016) *Memento pour la gratuité des transports publics dans l'agglomération grenobloise*, available at <http://gratuite-transports.ouvaton.org/spip.php?article36>, accessed 27.01.18
- <sup>6</sup> Planka.nu (2009) *Travel doesn't have to cost the earth: five concrete steps towards a climate-smart and fair transport sector in Stockholm*, [http://cdn.planka.nu/wp-content/uploads/2009/09/planka\\_stockholm\\_report.pdf](http://cdn.planka.nu/wp-content/uploads/2009/09/planka_stockholm_report.pdf), accessed 14.02.18
- <sup>7</sup> Website of the Brazil Free Fare Movement: <http://tarifazero.org/impl/>, accessed 14.02.18
- <sup>8</sup> CGTPAG *op cit.*
- <sup>9</sup> Department for Transport National Travel Survey Table NTS0703 <https://www.gov.uk/government/statistical-data-sets/nts07-car-ownership-and-access>, accessed 18.02.18
- <sup>10</sup> <http://www.dw.com/en/germany-considering-free-public-transportation-to-take-on-air-pollution/a-42574053>, accessed 14.02.18
- <sup>11</sup> Briche H and Huré M (2017) *Dunkerque, nouveau « laboratoire » de la gratuité des transports* 30/05/2017 *Metropolitiques.eu* <http://www.metropolitiques.eu/Dunkerque-nouveau-laboratoire-de.html>, accessed 18.02.18
- <sup>12</sup> TCRP (2012) *Implementation and outcomes of fare-free transit systems*
- <sup>13</sup> Koblowski W (undated) *More than just riding without a ticket? Exploring the geography of fare-free public transport* *Cosmopolis Working Paper*, Centre for Urban Research
- <sup>14</sup> Koblowski *ibid.*
- <sup>15</sup> TCRP *op cit.*
- <sup>16</sup> Koblowski *op cit.*
- <sup>17</sup> <http://www.niortaglo.fr/fr/details-de-lactualite/le-reseau-tanlib-sadapte-7930/index.html>, accessed 18.02.18
- <sup>18</sup> Briche H and Huré M *op cit.*
- <sup>19</sup> Taavi Aas (2015) *Free public transport as a growth factor in Tallinn* [http://www.tallinn.ee/eng/freepublictransport/Tallinn\\_FFPT-2](http://www.tallinn.ee/eng/freepublictransport/Tallinn_FFPT-2) accessed 18.02.18
- <sup>20</sup> Groupement des Autorités Responsables de Transport (GART) 2016 *La compensation versement transport suite au relèvement du seuil de plus de 9 à au moins 11 salariés* <https://www.gart.org/actualite/compensation-versement-transport-suite-relevement-seuil-de-plus-de-9-a-11-salaries/> accessed: 17.09.2018; Groupement des Autorités Responsables de Transport (GART) 2013 *L'Année 2013 des transports urbains*; and Taylor I and Sloman L (2016) *Building a world-class bus system for Britain*
- <sup>21</sup> Mobilicites 31.03.17 *Transdev aux commandes du réseau urbain – bientôt gratuit – de Niort* <http://www.mobilicites.com/011-6065-Transdev-aux-commandes-du-reseau-urbain-gratuit-de-Niort.html>, accessed 18.02.18
- <sup>22</sup> Briche H and Huré M *op cit.*
- <sup>23</sup> *Ibid.*
- <sup>24</sup> Taylor I and Sloman L (2016) *op cit.*
- <sup>25</sup> Department for Transport bus statistics BUS0501a: <https://www.gov.uk/government/statistical-data-sets/bus05-subsidies-and-concessions#table-bus0501>
- <sup>26</sup> Taylor I and Sloman L (2016) *op cit.*
- <sup>27</sup> TSGB1303
- <sup>28</sup> <http://www.dk-mobilite.fr/page/page/16>