

POLICY BRIEF

PUBLIC TRANSPORT AND BUSINESS: EMPOWERING OUR CITIES

INTRODUCTION

Cities and metropolitan areas are playing a key role in reaching strategic global policy objectives, including competitiveness, social cohesion and innovation leadership. Cities offer businesses (large and SMEs), industries and services a flourishing environment to help spur economic development. As the backbone of our metropolitan areas, public transport is an essential contributor to make cities better places to live in, to work in and to launch a new business in. Urban mobility should be a priority for local leaders in order to help cities achieve inclusive growth and climate goals.

This Policy Brief presents the many ways in which public transport is an essential instrument to create value, not only for individuals and public authorities, but also for businesses. It also features the benefits that could emerge from a strong collaboration between public transport actors and the business community, as well as concrete recommendations on how it could be articulated as part of a city's strategy for sustainable development.



2019

New road links Buses
DLR
Jubilee
Crossrail



1981

Buses

THE CHALLENGES

Population growth, urbanisation, climate change, traffic congestion, air quality, the lack of adequate and affordable housing, education and healthcare are just some of the most pressing issues our cities are facing.

Mobility can be key to successfully meet these challenges. Efficient mobility strategies improve competitiveness in metropolitan areas, understood as a network of centres, and reduce constraints on growth, by moving more people within the space available. This leads to economies of scale, as an increased connectivity allows a densification of businesses activities. This agglomeration reduces labour and infrastructure costs, while improving communication and interactions, resulting in enhanced overall productivity and efficiency of the business community.

Public transport plays a central role in several urban policy packages, thus benefiting businesses and the economy by increasing travel time reliability, reducing traffic externalities and creating access to a wider and more diverse work force. This availability of trained workers increases the productivity of businesses by enabling a better match between required and available skills.

Optimising the benefits of public transport for businesses requires aligning public transport with urban development strategies (housing, education and employment, health, tourism and culture, resilience, social inclusion...), the New Urban Agenda and the SDGs, particularly 9 and 11.2. Decisions made by businesses, notably in terms of localisation strategies and corporate mobility plans, also play a crucial role.

While large public transport infrastructures and services are still needed everywhere, new mobility players are challenging the conventional business models. The concept of public transport must evolve, adopt an entrepreneurial approach and partner with all the different stakeholders, including the business community.

PARTNERING THE BUSINESS COMMUNITY WITH URBAN MOBILITY PLAYERS: A WIN-WIN DEAL

UNDERSTANDING THE MUTUAL NEEDS TO FOSTER LIVEABLE CITIES

Transport is about more than just moving people around. Efficient transport systems ensure that our cities are leaders in meeting global challenges, maintaining economic and inclusive growth, supporting jobs and unlocking housing development.

Metropolitan areas congestion slows economic growth and hurts business development. To counter that, the Strategic Development Plan must recognise the vision and practical needs of businesses in terms of urban mobility.

UK business backs TfL investment plans:

- **95%** of businesses said that cuts to investment in London's transport infrastructure would damage them in the long term
- **9/10** said that investment levels should be sustained and not varied year on year

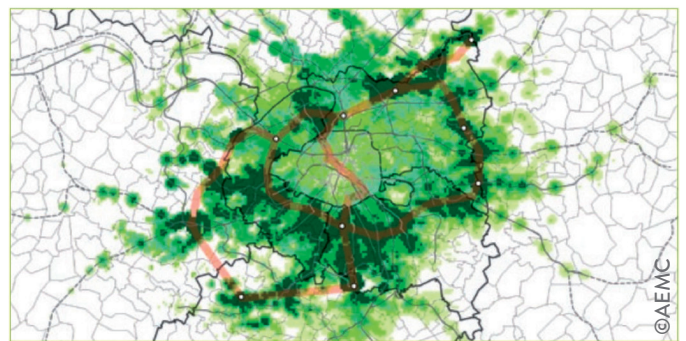
On top of reliability considerations, the cost of transport is one of the biggest problems for business executives when it comes to recruiting and retaining staff. For instance, over half of London businesses rank 'addressing transport' costs as their top two ways to improve recruitment, while 49% see it as key to improve retention.

Public transport authorities need to do more to recognize the impact they have on the business community and the general economic environment. Ongoing discussions between all stakeholders are vital, as they facilitate the capacity to coordinate the decision-making process, provide stability and help build trust over the process.

Consistent planning would give significant confidence to the business community, facilitate greater commitments to long-term investment and build better relationships with suppliers. A city vision structured along a long-term public transport infrastructures programme can offer benefits and address obstacles in a number of different areas which include developing market interest and capacity for projects through improved assessment and engagement with the market, strengthened sector expertise to prepare, negotiate and manage projects more effectively, more effective management of issues, such as stakeholder engagement and access to sources of funding, better sharing of data and experience across projects, etc.

The business community would be willing to contribute to infrastructure and service costs if it is involved throughout the process and if it could evaluate the potential gains. Robust and well thought-out projects and economic return cases are essential to conversations about who should pay for infrastructure investment and services (CAPEX & OPEX). The business contribution must, however, remain proportionate and transparent. Discussions must be flexible and open to innovative solutions to ensure the quick development and adaptability of the different projects.

Managing risks through all stages of the process requires a mix of integrated planning, modelling and economic forecasting.



► Accessibility improvements to jobs due to the Grand Paris project

Collaboration with business actors is key not only for funding purposes, but also for co-creating and integrating new mobility services. While the lifecycle of private sector engagement should begin right at the beginning of the development of the city's strategic plan, they should be fully engaged throughout the decision-making processes and not just consulted for validation. In order to ensure a better decision making process, public transport sector governance structures may be adapted to include the business community and vice-versa. From advising (providing information, listening and making statements) to participating to common decisions on mobility, there is a wide range of opportunities to explore.

While public transport advocates may defend a "smarter" reallocation of the city space for active mobility (public transport, walk and cycling) in an effort to improve urban environments and reduce the number of private cars, logistic has its own specific demand in the urban planning in terms of zones, delivering hours, local distribution centres, etc.

SETTING THE RIGHT CONTEXT

The four pillars for developing and implementing a successful metropolitan area strategy:

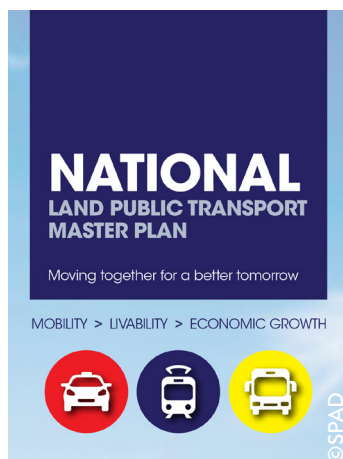
1. Strong common vision;
2. Effective governance and modern regulation;
3. Solid long term funding and business plan;
4. Ambitious local leadership.

1. Strong common vision

Urban mobility plays a vital part in helping business grow and prosper. But we can only do this by improving the collaboration between all stakeholders to support public transport.

Public transport institutional frameworks and market regulations are different depending on local specificities, but **the starting point to any city's Strategic Development Plan should be to commonly craft a vision (both vertically and horizontally)**, in which urban mobility is planned to meet the city strategic objectives and secure wider economic benefits. Long term planning facilitates the identification of areas where transport investment should be done to unlock potential and provide transparent information for citizens and investors.

Strategic land use and transport planning creates the environment to develop trusting relationships with the business community. The articulation between long-term strategies and tactical measures creates a stream of consistency in the decision process, supported by rigorous studies and business cases, not subject to political terms.



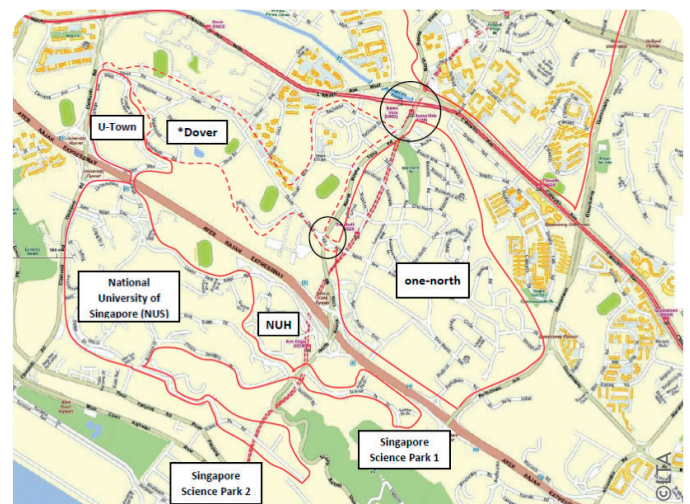
- At city or national level, a comprehensive spatial strategy puts transport at the heart of planning for growth (examples of London and Malaysia)

In order to better integrate both the residential function and the economic function of land-use, a smart densification is required to maximise the amount of residential, business and leisure space within walking distance from transport facilities.

Urban density is key to offer on easy access to public transport. Studies report a significant increase of the value of real estate projects that are close to due to transport projects designed with a transit oriented approach, reflected by nearby retail shops, high-quality pedestrian areas and open spaces.

2. Effective governance and modern regulation

Framing how our urban ecosystems operate, regulations can have a major impact in the success or failure of an urban mobility strategy, or any economic development plan. Indeed, **a flexible and facilitative regulatory environment allows businesses to thrive and reach their full potential**. The ever more complex and competitive environment in which businesses operate require more innovative policies from decision makers, to ensure that their local economic players remain leaders in their field.



- Singapore is facilitating autonomous vehicles trials in a more diverse environment

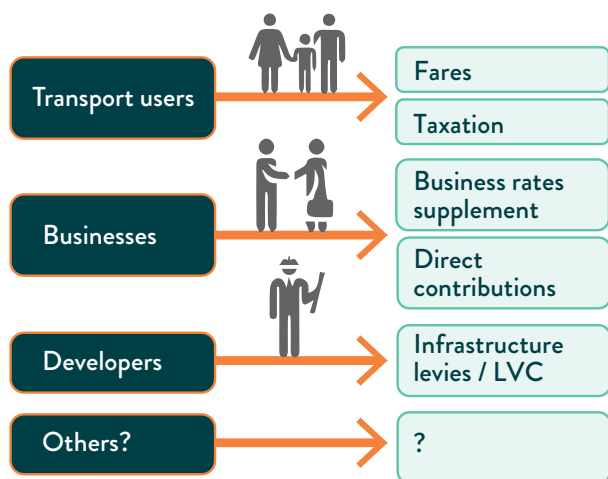
Unfortunately, too many cities have a reactive or passive response to regulatory barriers, particularly towards more disruptive innovations as these explore new, unknown, ground which are breaking the codes. Today cities not only have to face ground breaking technologies but mainly new business models. These digital players are bringing new business models that are directly challenging urban mobility ecosystems, leaving decision makers with no choice but to redefine their communication channels (see UITP Urban Mobility innovation index, <http://umi-index.org>).

Given that most regulatory frameworks are designed at national or federal level, cities need to be creative to act within the boundaries of their institutional power. Some cities have shown leadership by putting in place mechanisms to build on innovation and by involving start-ups, developers or citizens struggling to enter the market due to high costs.

For instance, LTA (Singapore) has recently amended its legislation to provide flexibility needed to assess more quickly the appropriate regulatory response to automated vehicle technologies, ensuring that the rules are adapting to the pace set by the technology. Equally, cities have also been creative in adapting their own rigid and bureaucratic processes: challenge or outcomes-based procurement processes have started to emerge, though not commonly known neither applied.

3. Solid long term funding and business plan

When it comes to funding, public transport is often perceived as capital intensive, but when you consider the outcome, it should be considered as a lucrative investment, as well as an important wealth creator.



▶ *Making those who benefit pay and participate in the decision*

Whether in the private or public sector, **ensuring long term funding stability can be critical to achieve targeted results.** When it comes to public transport planning, businesses are often involved directly (land value capture) or indirectly (taxation) at some point in the process, mainly when it comes to building the financial framework.

The governance model should be improved to better involve the business leaders throughout the planning process, to help find mutually beneficial innovative sources of funding.

SOME EXAMPLES OF PUBLIC TRANSPORT FUNDING LEVERS:

- **Salary deduction for transport:** In Brazil through the 'Vale Transporte' scheme employers cover transport tickets through the retention of 6% of the workers' earnings. At the present time, over 35% of PT tickets are covered under this scheme.
- **Use of parking:** In Nottingham businesses are contributing to public transport with the workplace parking levy. Parking spaces cost 387 GBP per parking space/ year to their employees in order to cover the costs of tram expansion projects, e-bus fleet acquisition (60 e-buses) and the redevelopment of the central train station.
- **Fiscal mechanisms such as employer payroll tax:** In France, the 'versement transport' requires all companies (settled within the urban perimeter) with more than 11 employees to contribute a percentage of their wage cost to local Public Transport Authorities. This covers in average 46% of PT needs. A similar approach has been implemented in Portland, USA.
- **Direct contributions** are also increasingly implemented with businesses pro-actively participating in the development of transport projects. The case of Crossrail project is certainly a key example with businesses contributing up to 255m GBP through a development levy.

4. Ambitious local leadership

Last, but not least, it is important that public transport organisations and business leaders engage with local decision-makers, who are on the front line of addressing the mobility challenges, as well as citizens' expectations. **The time has come for Champions to rise** and work in close collaboration with all stakeholders towards more sustainable urban mobility solutions for all (see Mobility Champions initiative by UITP and UCLG).



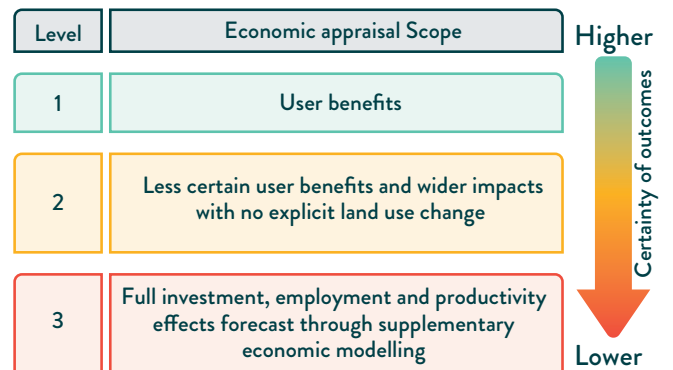
COMMON WORK FOR COMMON RESULTS

There is a body of evidence demonstrating that investments on public transport infrastructures and services generate benefits well beyond the mobility sphere. Among other implications, a strong public transport sector can:

- **Spur economic growth** in our urban environment, since 20,3 million jobs are linked to the provision of transport and public transport supply chain worldwide;
- **Act as a catalyst** for further economic and inclusive development. New infrastructure projects are increasingly being profiled as economic generators/accelerators. The examples of London (Docklands, Northern Line, Elizabeth Line, Crossrail 2) are at the forefront of the debate, but we can witness similarities all around the world.
- **Public transport infrastructure projects** can help position urban areas as global cities for business competitiveness. Knowledge economy sectors tend to establish their daily activities in clusters, or regions that offer an optimised environment for innovation and dense collaboration linkages, high levels of social capital and easy physical accessibility.
- **Contribute to achieve the decarbonisation goals** at a local level, helping to move forward on the climate change agenda. In that sense, the large scale deployment of electric buses planned by a growing number of cities is an excellent example (see UITP ZeEUS project, <http://zeus.eu>).
- **Enhance the resilience capabilities** of a city, particularly in terms of social inclusion, urban re-generation and property value.

Increasing demand for mobility, enhanced quality of services, customer centricity and green mobility come at an important price for cities. The way we talk about transport matters and **it is critical to find the right approach in presenting the case** to local, regional and national governments in order to better understand the link between public transport investment and economic performance.

It is essential to demonstrate the value for money and benefits of the projects, particularly in terms of return on investments, such as job creation, new tax revenues, etc. Moving from simple or standard economic appraisals to more complex ones would make the case absolutely clear and make it easier for the business community and other stakeholders to find an interest in being involved and supportive.



► *Transformational schemes benefits, with a strong relationship between investment and increased housing development and economic growth, should be highlighted.*

Public transport helps leverage private investment in cities. It generates wider economic benefits that exceeds many times the initial investment (eg. Benefit Cost Ratio of Crossrail 2, London, is 6.9:1).

It is important for the public transport sector and the business community to develop and implement the analytical capabilities to jointly demonstrate those wider benefits of investing in major public transport projects.

And once the link between transport and economic development is shared and understood by all stakeholders, we could move one step forward. Advocacy campaigns, prepared and implemented in the context of a effective joint communication strategy between the public transport and the business sector, serve to inform citizens and ensure the right level of attention by decision makers.



► *London is an outstanding example of partnership between transport and business: LCCI is one of the main advocates for key transport infrastructures and services*

CONCLUSIONS

Sustainable urban mobility is increasingly becoming a pre-condition to any liveable cities, as it offers opportunities to meet the daily needs of urban dwellers and companies.

We need to increasingly shape public transport in a way that when metropolitan areas address challenges such as social inclusion, health, growth, employment, gender balance, to name but a few, mobility appears as an enabler. It is not about transport, it is about the success and economic viability of our cities, and that only happens with successful businesses.

It is therefore crucial to ensure that the business community is effectively integrated at the very heart of the mobility strategy ensuring a dynamic bidirectional collaboration. The public transport and business communities have much to gain in developing strong lasting partnerships to design and operate efficient integrated transport systems for the benefit of cities and its citizens.

RECOMMENDATIONS

In order to ensure the successful collaboration between the public transport sector and the business community to empower our cities, UITP recommends the following actions:

- Develop integrated land use and mobility strategies that put public transport at the heart of cities Strategic Development Plans to help spur growth, and to meet city strategic goals.
- Establish a flexible and facilitative regulatory environment that allows businesses to thrive, particularly in the context of the emergence of new mobility services. At the same time, ensure that any new project supports the overall city strategy and safeguards public interest.
- Establish mechanisms for permanent dialogue between public transport and businesses:
 - Adapt public transport sector governance structures to involve representation of business leaders throughout the decision making process. The more comprehensive the mandate of the managing organisation is, the more chances it will have to succeed.
 - Prioritise sustainable urban mobility as an economic enabler at the business boards, aligning consistent sustained messaging and requests to decision makers.
- Work closely with businesses to jointly make the case for sustained and recurrent investments in urban public transport, by clearly making the case for strong the wider economic benefits. Develop the analytical capabilities and implement better appraisals and ex-post evaluation frameworks for public transport schemes;
- Partner with the business community to embrace innovation and technology through entrepreneurial approaches. While an increasing quantity of data is available, cities must ensure the quality of the data collected and adopt standardised ways of sharing data to facilitate the use by start-ups and third parties.
- Prepare and implement a joint communication strategy, involving well informed stakeholders. Citizens must be aware of future potential challenges as well as the value that could be generated by an efficient public transport system. Acceptance, as well as buy-in from citizens are fundamental, and this could be obtained by direct and transparent communication channels.

This is an official **Policy Brief** of UITP, the International Association of Public Transport. UITP has over 1,500 members in 96 countries throughout the world and represents the interests of key players in this sector. Its membership includes transport authorities, operators, both private and public, in all modes of collective passenger transport, and the industry. UITP addresses the economic, technical, organisation and management aspects of passenger transport, as well as the development of policy for mobility and public transport world-wide.

This Policy Brief was prepared by UITP, in collaboration with the Alliance of Metropolitan Chambers of Commerce. This paper is supported by case studies presented at the 2nd CEO Forum on Public Transport and Business: "Empowering our cities". Case studies are available on the UITP MyLibrary or upon demand at library@uitp.org.

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