

## Welcome to Vienna

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# Cross-cutting issues

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## 1 Funding, financing, pricing

Funding and financing has come up over and over again as an issue affecting all of TRANSFORUM's four thematic areas. It is therefore the epitome of a cross-cutting issue and deserves detailed attention. At the most general level, this issue is related to the following questions:

- How to secure funds to finance new investments but also long-term maintenance?
- Where should financial resources come from? Governments, private investors, user payments?
- How can investments be recouped, when they should be spent, on what by whom?

In addition, sustainable mobility is not a situation where the main objective is to find more and more resources to always increase, whatever the cost, passenger and freight traffic. Pricing is therefore also important; not only as a financing mechanism but also as signal to firms and households.

At a more detailed level, these issues translate to:

- What are most appropriate types of money procurement in which context?
  - Outright subsidies: in which cases are public subsidies (European, national, regional...) relevant or not? And to what extent?
  - Private Public Partnerships: for what kind of projects are they (not) advisable? What are the guarantee schemes behind the PPPs and who carries the risk ultimately?
  - User's payment: what is the optimal ratio between user's payment and costs? Why is this ratio not the same in HSR and in urban mobility? For passenger and freight?
  - Polluter pays principle: what are the best practices in this domain? What could be the evolutions?
- The question of the best action level (EU, national, regional, local)
  - Is it necessary and desirable that the EU assumes a bigger role in the design and implementation of transport systems and policies, to fulfill specific European goals? And which goals?
  - Should the EU be allowed and enabled to provide a higher share of funding? Is there a risk of unintended effects leading national governments to support suboptimal projects?
  - Are new governance models needed for the EU to play a stronger role or to act faster?
  - Should the EU develop new tools or mechanism for policy packaging?
  - Is it possible for the EU to organize better information on the best practices in terms of pricing? How to sensitise national and regional decision makers to pricing issues?
- The question of the most appropriate and effective actor type (public versus private)

- In which areas would increased private funding (and influence) be most needed and effective, and where could it be more challenging?
- Is it a risk that private interest could become too dominant (in terms of e.g. market power, monopolies, expertise, etc.)?
- Are current public private partnerships in the transport sector (e.g. European Green Cars initiative or new HSR lines) sufficiently effective? What can we learn from some emblematic failures (Fyra, HSL Zuid...)
- Public acceptability
  - The first issue of acceptability is related to pricing: When do users (not) accept to pay more for mobility?
    - To what degree are user / polluter pays approaches acceptable by the public?
    - Does public support vary based on which European transport goals get public financial support?
    - Will stronger financial interventions of the EU (or other public bodies) be acceptable to the general public?
  - The second issue of acceptability is related to the impact on the environment, landscape, noise, aesthetics, quality of life.
    - Is NIMBYs always and inevitably a hurdle to public acceptability?
    - In what situations should public opposition be interpreted as STOP signal?
  - Can public opposition be overcome through better information and/or stronger public involvement in decision processes (Ecotax for trucks in France)
- Timing
  - When (in the lifetime of an investment project) is the best time to spend money from which sources? Start-up subsidies versus long-term maintenance funds?
  - Is there, due to the current crisis of public finances, a global debt issue leading to very high budget constraints? Or should we consider that it is necessary to invest in transport infrastructure because of the economic slowdown?
  - How far into the future should we plan for?

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## 2 Governance, standards, regulation

The concept of governance allows theorists and practitioners a means through which public sector behavior and interactions with the other sectors can be examined, analysed and understood. The governance literature differentiates between three types of governance: hierarchical steering, networks and markets. Standards and regulations are closely related to this issue because voluntary agreements and requirements often emanate from non-state initiatives and are therefore typically a form of governance preferred by networks and markets. Regulations, however, (understood as legally binding directives) have an inherent affinity with hierarchical steering. What, therefore, is the best governance approach to achieve for example data security, data exchange protocols, harmonized rail infrastructure, common safety standards etc.? Networks are often created in an ad-hoc or unplanned fashion and as such it can sometimes be difficult to keep track of or analyse them. But despite these difficulties, their importance in working towards achieving policy objectives should not be underestimated and certainly could be better understood.

Related issues concern questions of whom/what are the relevant actors, organisations or institutions to deliver against particular policy objectives? How will roles and responsibilities be determined? Who are the most powerful actors and how should/is the ability to influence policy making distributed among actors like public institutions, economic actors, interest groups, citizens etc. This multitude of actors and institutions requires coherent interaction between and co-ordination of policies and measures: vertically (e.g. between levels), horizontally (e.g. across sectors), laterally (between decision makers and citizens, supply and demand) and is therefore an enormously complex challenge.

The following are identified themes that would be relevant for further discussion:

- Hierarchical steering versus networks versus markets
  - When/in what contexts are the different types of governance preferable?
  - When should we adopt regulations, create networks eave outcome to market mechanisms?
  - (How) should we differentiate between 'created' and ad-hoc networks?
  - Do we need a balance of 'push' and 'pull' strategies in order to deliver successfully against policy objectives?
- Negative side effects of steering and regulations
  - When should certain ways of steering be avoided (for example when to they contribute to conflict and unintended effects)?

- In what contexts is regulation the best approach for the private sector? How do we ensure that economic/industrial interests are given equal weight to social and environmental interests?
- As an important expression of democracy, how can it be ensured that lobbying processes are transparent?
- When can voluntary agreements/self-regulation between private actors be relied upon to deliver against policy objectives? How can we tell beforehand? Who should scrutinize outcomes?
- Sometimes, regulations drive costs and hamper innovation such as excessively detailed technical requirements in innovation areas. How to deal with this?
- Practical effectiveness of hierarchical steering:
  - When does hierarchical steering successfully contribute to a reduction of climate impacts and when does it hamper such aims (e.g. rebound effects)?
  - For regulations to have an effect, compliance is of importance. When is compliance, for example at lower political levels difficult to achieve – or when is it feasible/achievable?
  - Is this related to the type of governance instruments used (e.g. hierarchical steering via regulations, voluntary standards, left to market to deal with)?
- Best action level (EU versus local)
  - Is it possible to say something about when governance, standards and regulations should emanate from the EU level and when they should rather be left to lower levels?
  - Is it necessary and desirable that the EU assumes a bigger role in the design and enforcement of standards and regulations? If so, when should the EU assume this role?
  - How are roles/competencies to be allocated when more than one level is involved in delivery? Where does ultimate responsibility for success/failure lie?
- Most appropriate and effective actor (state versus markets)<sup>1</sup>
  - When is the state (EU or other level) the appropriate / necessary driver?
  - When are markets most effective in designing / implementing policy goals? (e.g. market liberalisation in the European rail freight market?)
  - How can the value public-private partnerships be maximised in the non-monetary sense?
- Public acceptability

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<sup>1</sup> Example provided by one participant in Vienna: "... a common language for communication in international land-based transport (with particular relevance for rail) while this issue was solved in the airline industry a long time ago."

- What are the keys to getting certain governance approaches accepted by politicians, the public and key stakeholders?
- Are there differences/similarities between the thematic groups regarding e.g. type of actors involved/affected?
- In what situations should public opposition be interpreted as a signal about unbalanced governance approaches?
- Can public opposition be overcome through better information and/or stronger public involvement in decision making processes? How can we/the EU facilitate for increased public involvement?
- Through which means can we obtain balanced, ongoing and responsive information about public acceptability at the European scale?
  
- Timing
  - What should be the short, medium and long term priorities (across the levels of government and industry) i.e. who should do what and when?
  - Are there any incompatibilities in the timeframes between the sectors?
  - How do we address the short termism endemic with political cycles of decision-making?
  - How can flexibility and/or robustness and responsiveness of governance approaches be achieved with regard to future uncertainty?
  - How far into the future should we plan for?

### 3 Policy Packaging

It is well established that policies tend to be more successful if they are part of a wider package of measures, which all support the same overarching goal. Related adjectives refer to “joined-up, coordinated, integrated or holistic” sets of measures<sup>2</sup>. This seems to also apply to all of TRANSFORuM’s four thematic areas. Therefore, a coherent policy to reach the White Paper goals needs to have an answer ready to the following overarching question:

What are the keys to designing policy packages that are acceptable for politicians, the public and key stakeholders and yet are effective in reaching the goals in the White paper?

Important sub-issues include the following:

- The balance between restrictive push measures (e.g. fees or regulations) versus incentivizing pull measures (e.g. tax reductions or infrastructure provision)
  - What is the best balance between pull- and push-measures in which kinds of contexts?
  - Does the answer depend on the thematic area? (Urban mobility, freight, HSR, ITS)
  - Does a dominance of pull-measures inevitably result in an endless increase of absolute transport volumes? How to counter this rebound effect? How large transport volumes are consistent with the overall White Paper targets, i.e. a reduction of GHG emissions by 60% until 2050?
- The question of the best action level (EU versus local)
  - Is it necessary and desirable that the EU assumes a bigger role in the design and implementation of transport systems and policies because the subsidiarity principle tends to create the opposite of joined-up approaches?
  - Are new governance models needed for the EU to play a stronger role in bundling “packages” across member states?
  - How to synchronise different policy levels, if more than one policy level is necessary to accomplish successful policy packages?
  - Should EU develop new tools or mechanism for policy packaging?
- The question of the most appropriate and effective actor – and their co-ordination

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<sup>2</sup> Example provided by one of the Vienna participants: „In order to achieve EU transport policy goals there is a need to also address policies in other areas not covered by DG Move. One example is regulation and agreements on working conditions for cross-border employees, where there are very different rules applied for truck drivers compared to train drivers (much harder restrictions on the latter). This works against the policy of more international freight and passenger services. Another example is the need to coordinate telecommunication policies for the 3G/4G roll-out with the implementation of ERTMS (specifically GSM-R) in the rail sector due to interference issues.”

- Should “packages” be co-ordinated across public and private actors?
- If so, how can co-ordination across public and private actors be achieved in a situation of free markets?
- Are there realistic sanction mechanisms if private actors do not comply with the package ideas?
- Are current public private partnerships in the transport sector (e.g. European Green Cars initiative) sufficiently effective in delivering “packaged” approaches?
- Public acceptability
  - What are the keys to getting policy packages accepted by politicians, the public and key stakeholders?
  - Are there difference/similarities between the thematic groups regarding e.g. type of actors affected?
  - In what situations should public opposition be interpreted as a signal about unbalanced “package” contents?
  - Can public opposition be overcome through better information and/or stronger public involvement in decision processes?
- Timing
  - What should be the short, medium and long term priorities (across the levels of government and businesses) i.e. who should do what and when in terms of policy packaging?
  - How can flexibility and/or robustness of the policy packages be achieved with regard to an uncertain future?

## Further Questions?

### **General questions about TRANSFORuM:**

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