Organisation and Major Players of Short Distance Public Transport
Update 2006

Free Bonus: Belgium

INSTITUTIONAL ORGANISATION AND LEGAL FRAMEWORK

1. A little history…

Up until the end of the 1980s, the "central" State had sole competence for all issues related to public transport services in any way.

However, Belgium's gradual shift towards a federal system - which began in the early 1970s - led to competence for public transport services being allocated on two levels: the federal State on the one hand and the three regions (Brussels, Flanders and Wallonia) on the other.

In the interests of pragmatism, Belgium being a small country, the Belgian legislators did not attempt to define what came under the heading of national, regional, interurban or urban forms of transport, but rather drew the line in the sand for the sharing out of powers according to mode of operation.

This means that since 1 January 1989:

- rail transport is the responsibility of the federal State,
- bus, tram and underground transport are the responsibility of each of the three regions.

2. Rail transport

This is the responsibility of the federal State, and is provided by the SNCB, a publicly owned company in which the State is practically the sole shareholder.

However it should be underlined that the terms and conditions for greater participation by the regions in defining and implementing rail policy are currently the subject of heated debate.

The latest change to date has been an agreement between the federal State and the regions, under which the latter pre-finance certain capacity increases that they deem high priority.

It looks very likely that forthcoming debate will centre on the transition from a pre-financing to a joint financing system, or even a contribution scheme by the regions to the running costs.

Furthermore, to comply with European legislation, SNCB underwent an extensive restructuring on 1 January 2005. A body in charge of infrastructures (INFRABEL) and a body in charge of operations were created as part of this move, all overseen by a holding.

3. Bus, tram and underground transport

This has been the responsibility of the regions since 1990.

Each region has adopted a legislative framework relating to the organisation of the sector within its area [(1)].

a) *<u>In the Brussels Region</u>*

This area is governed by a Decree of the Brussels Parliament of 22 November 1990 [(2)].
It grants the STIB (*Société des Transports Intercommunaux Bruxellois* – 'Brussels Inter-Municipal Transport Company') the operating rights for the Brussels network whose main axes are defined by the Region, which acts as the organising authority.

The network operated by the STIB includes bus, tram and underground lines. It operates in a completely integrated manner.

(Footnotes:
(1) The terms and conditions for organising and operating the inter-regional lines are governed by cooperation agreements between the Regions in question.
(2) In actual fact we need to talk about an "ordinance", but we have no intention of taking the reader into the maze of Belgian institutional subtleties…)

b) *<u>In the Flemish region</u>*

This area is governed by a Decree of the *Vlaamse Raad* of 31 July 1990.
The Decree assigns a general planning role to the Region, whereas the definition and operation of the network are delegated to the Vlaamse Vervoer Maatschappij (VVM), better known under its trading name of "De Lijn".

The network, which operates in an integrated manner, includes bus, tram, trolleybus and underground tram lines.

Part of the bus network operation (45% of the area covered) is subcontracted to private companies, or 'operators', by means of tenders.

c) *<u>In the Walloon region:</u>*

This area is governed by a Decree of the Walloon Parliament of 21 December 1989.
The Decree assigns a general planning role to the Region, whereas the definition and operation of the network are delegated to the 'TEC group' (which stands for "*Transport En Commun*" – 'Public Transport' in French) made up of:

Ø a parent company, the S.R.W.T. (Société Régionale Wallonne du Transport – Walloon Regional Transport Company), in charge of coordinating and supervising the business of the subsidiaries and carrying out certain specific tasks, which are either in the interests of the region (e.g. general policy on promotion, collective working relations, etc.), or afford economies of scale (eg. bulk purchasing, cash management, IT, etc.),

Ø five operating subsidiaries (TEC Brabant Wallon, TEC Charleroi, TEC Hainaut, TEC Liège-Verviers and TEC Namur-Luxembourg) entrusted with defining and operating the public transport network in their own areas.

The latter operate in an integrated manner and are made up of bus lines, with the exception of part of the urban network in Charleroi, which has a few tram and light railway lines.

Like "De Lijn", the TECs subcontract part of the bus network operation (30% of the area covered).

4. <u>Coordination mechanisms</u>

The organising authorities (the State and the Regions) meet at an Inter-ministerial Conference of Ministers of Infrastructure and Transport (CIMIT in French), which offers an opportunity for coordination in matters affecting the integration of the range of services or fare pricing as well as in the Mobility Ministers Executive Board (CEMM in French).

Coordination between operators is organised as follows:

Ø within the UBTCUR (Union Belge des Transports en Commun Urbains et Régionaux - Belgian Urban and Regional Public Transport Union), an association which brings together the three regional transport companies.

Ø via regular meetings, essentially bilateral, between regional companies and the SNCB.

<u>MARKET STRUCTURE</u>

1. As far as rail transport is concerned, Belgium is still strongly characterised by a monopoly enjoyed by the SNCB.

   The opening up of the market is taking place only in step with the development of the European legislative framework and, at the present time, it does not yet affect the transportation of passengers.

2. The same situation can be seen with regard to the urban and regional public transport services provided by the regional companies.

The regional governments of Brussels, Flanders and the Walloon Region, along with the regional operating companies, are not really in favour of compulsorily and systematically opening the market up to competition and are calling for "self production" opportunities to be maintained. They were therefore satisfied to note the progress made on this point, in the form of the new draft European regulation adopted by the Commission on 20 July 2005.

In the light of this situation, the most significant changes have logically appeared on the subcontracting market, against the backdrop of concentration and internationalisation: the main characteristics of the recent development of European public transport operators.

Up until 1995, the subcontracting market provided on behalf of "De Lijn" and the TEC group was made up of a large number of local and usually family-owned SMEs.

Since then, two types of grouping have occurred.

a) *<u>the arrival of CONNEX, essentially on the Flemish market</u>*

In 1995, LINJEBUSS, a Swedish company which had in the meantime been bought out by CONNEX, took over DE POLDER, the largest private operator carrying out subcontracting work for DE LIJN.

Since then, CONNEX have continued their advance into the Belgian market, buying out more than 20 companies in the Flemish Region and two companies in the Walloon Region.

b) *the creation of EUROBUS HOLDING, operating out of the Walloon market*

In an attempt to react to market changes, the S.R.W.T. and a number of private operators joined forces to set up EUROBUS HOLDING at the end of 1996, the aim being to preserve the interests of Walloon companies in the sector by combining them.

Quickly joined by an operator from the Flemish Region and by the French group CARIANE (which had become KEOLIS in the meantime following the merger with VIA-GTI), EUROBUS HOLDING, which now owns 30 or so subsidiaries, dominates the Walloon subcontracting market. But it is now extending its areas of business to all passenger transport sectors, whether ferrying children to school, carrying tourists or running taxis. It also operates in the Flemish Region and in the north of France.

A few key figures

	STIB	DE LIJN	TEC
No. of vehicles:	951	2,500 *	1,640 *
No. of journeys:	239.2 million[1]	413 million	185 million
Workforce:	6,149	7,213 *	4,795 *
Turnover (including subsidies):	EUR 336,5 million[2]	EUR 704 million	EUR 406 million
Volume subcontracted (in euros):	0	EUR 232,3 million	EUR 95 million

* excluding subcontracting

	CONNEX BELGIUM	EUROBUS HOLDING
Turnover:	EUR 65 million	EUR 90 million
No. of vehicles:	600	1,320
Workforce:	820	1,240

[1] For the STIB, the term « journey » corresponds to a« trip », which may comprise one or several journeys.

[22] Corresponds to traffic revenue and results-based subsidies from the Region,