



Subsidies in public transport

**Cees van Goeverden ^{1*}, Piet Rietveld ²
Jorine Koelemeijer ², Paul Peeters ³**

¹ *Delft University of Technology*

² *Free University Amsterdam*

³ *NHTV Breda University of International Education*

Abstract

The pricing of public transport may range from charging the full price to supplying it for free. The present situation in most European countries is between the two extremes implying a partial cost recovery. In this paper we will explore both extremes on the axis of cost recovery: free public transport, and public transport without subsidies.

We start with a discussion of free public transport, and give a short survey of the intentions governments may have with its introduction. After this short survey we discuss in more detail the experiences with free public transport in four real world cases, two from Belgium and two from the Netherlands: the city of Hasselt, the Brussels region (for students), the Leiden-The Hague bus corridor, and free public transport for students in The Netherlands.

Then we discuss the other extreme: public transport without subsidies. We start with a short overview of the financial performance of the Dutch public transport systems and an analysis of the impacts of measures to improve the benefit-cost ratios. Then the effects of subsidy suspension in the Netherlands are estimated by developing two scenarios that describe opposite extremes in the hypothetical situation that no subsidies are granted to public transport operators and comparing the outcomes with a reference scenario where continuation of subsidies is assumed.

The paper concludes with a discussion of the merits and problems of both pricing policies: free public transport and public transport without subsidies.

Keywords: Subsidies; Free of charge; Profitable; Public transport.

Introduction

The pricing of public transport may range from charging the full price to supplying it for free. The present situation in most European countries is between the two extremes implying a partial cost recovery. In this paper we will explore both extremes on the axis of cost recovery: free public transport, and public transport without subsidies.

* Corresponding author (c.d.vangoeverden@tudelft.nl)