

QUALITY OF PUBLIC LONG-DISTANCE TRANSPORTATION SERVICES

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SUMMARY

The Relevance of the Assessment

Development of public transport links is a means of improving mobility, contributing to faster reductions in pollution from the energy and transport sectors and mitigating the impact of climate change¹. Smooth public transport connections not only increase the mobility of the country's population, but also ensure greater accessibility of public services for different social groups and create the conditions for the growth of socio-economic welfare². In the context of today's sustainable mobility course, the public transport sector should move towards high quality service provision and create direct competition to the use of private cars³.

According to Eurostat data, Lithuania ranked fifth from the bottom among the 27 EU countries in 2022 in terms of the share of passengers travelling by bus and coach (5.7% of passengers travelling by bus and trolleybus, compared to the EU average of 7.4%)⁴, but was the leading country in terms of the share of passengers by car (88%, compared to the EU average of 72%). People in our country who own cars choose a private car⁵ for around

¹ Strategic Objective 6 of the National Progress Plan, approved by Government Resolution No 998 of 9 September 2020.

² Ministry of the Interior, "Preparing for the establishment of a regional public transport service organisation system", 2020, p. 144.

³ Ibid, p. 1275.

⁴ Internet access:

https://ec.europa.eu/eurostat/databrowser/view/tran_hv_ms_psmod_custom_13001394/default/bar?lang=en, accessed 21.05.2024.

⁵ National Audit Office Performance Audit Report No. VAE-3 Implementation of the energy independence targets in the transport sector, p. 27. Internet access: [Produktas | Lietuvos Respublikos valstybės kontrolė](#), accessed 05.09.2024.

90% of their journeys, thereby increasing greenhouse gas emissions. According to a study⁶ carried out by the Ministry of the Interior, the country's population would be encouraged to use public transport more often by lower fares (23%), more frequent journeys (21%), convenience and cleanliness (19%), a better matching of the schedule to the passenger's personal needs (17%), stops or stations closer to home/work (14%), and adaptation of the vehicles for passengers with reduced mobility, vision, hearing or other disabilities or health problems (4%).

The 18th Government in its programme⁷ has identified as one of its priorities the sustainable development of the transport system and the provision of a seamless transport network, through the creation of public-private transport interfaces and sustainable mobility systems, the improvement of mobility conditions and the management of mobility demand, and the reinforcement of the domestic transport system. An efficient and integrated public transport system is one of the country's strategic directions, as identified in the Lithuania's Progress Strategy⁸.

Objective and Scope of the Assessment

The objective of the assessment is to provide structured information on whether the amendments to the Road Transport Code have created the conditions for improving the quality of public long-distance transportation services.

Main areas of assessment:

- ✓ Regulatory developments in the public long-distance transportation network;
- ✓ Operational strategy for the public long-distance transportation network;
- ✓ Public long-distance transportation service quality standard.

Entities to be assessed: the Ministry of Transport and Communications, the Lithuanian Transport Safety Administration.

During the assessment, we interviewed all municipalities; we used statistical data from Eurostat, the State Data Agency, the Lithuanian Transport Safety Administration; we communicated with the Association of Lithuanian Municipalities, and the Lithuanian Passenger Transport Association (Annex 2).

The period covered: 2021-2023. In order to assess developments, we used data for 2019⁹, 2020 and 2024.

⁶ Internet access:

https://ec.europa.eu/eurostat/databrowser/view/tran_hv_ms_psmo_custom_13001394/default/bar?lang=en, accessed 21-05-2024.

⁷ Approved by the Seimas Resolution No XIV-72 of 11 December 2020.

⁸ Lithuania's Progress Strategy "Lithuania 2030", approved by the Seimas Resolution No. XI-2015 of 15 May 2012, Lithuania's Vision for the Future "Lithuania 2050", approved by the Seimas Resolution No. XIV-2466 of 23 December 2023.

⁹ Comparing the data for the assessment period with 2019 is important because it is the year before the year of the pandemic, which allows us to capture the change that has occurred during the assessment period. It is also the earliest calendar year for which data are available from the Lithuanian Transport Safety Administration.

Main Results of the Assessment

The amendments to the Road Transport Code, which entered into force on 1 July 2023, created the formal conditions for carriers to enter the market freely, but did not increase competition, did not improve the quality of transportation services for passengers, and did not have an impact on the increase in passenger flows.

Insufficiently targeted developments in long-distance transportation: risks to competition and quality of services

The Ministry of Transport and Communications has identified the transport development problems to be solved, but the activities, works or measures related to solving them, their timelines and their scope are not planned. There are no indicators on the availability and quality of long-distance transportation services, and the only relevant indicator - the number of passengers carried on long-distance routes - has not been achieved in 2023: 6 million passengers were planned to be carried, whereas the number of passengers carried was 4.8 million (79.2 %). Addressing transport development problems without planning the necessary actions, without setting targets and deadlines for their achievement, leads to the loss of the opportunity to assess whether the necessary progress has been made, whether the work carried out is sufficient, consistent and addresses the problems identified (Sub-section 1.1, p. 12).

The 18th Government planned to adopt the Strategic Guidelines for Transport Development up to 2050 by the end of 2022, and to reform the intercity transport system by Q3 2024, ensuring convenient connections between regional centres, and to revise, optimise, and align the existing long-distance transportation network with the rail and local transport system. However, on 23 of December 2023 these plans were abandoned. "Implementation of the reform of the inter-urban transportation system" is also one of the indicators measuring the implementation of the reform in the Recovery and Resilience Plan - "Moving without Polluting" - which the European Commission also sees as having shortcomings and risks of non-achievement. The implementation of specific measures and actions could have contributed to the optimisation of the intercity transport system, to more convenient connections between regional centres, to the alignment of long-distance routes with the rail and local transport system (Sub-section 1.1, p. 12).

Amendments to the Road Transport Code have been adopted in order to ensure competition among carriers and improve the quality of passenger carriage on long-distance routes, but no analysis has been carried out on the most appropriate and cost-effective solutions that could be applied in the country, due to the urgency of the implementation of the decisions of the Competition Council and the Vilnius Regional Administrative Court. When the Code was debated in the Seimas, some of the amendments proposed by the Ministry were dropped, which does not pave the way for the integrity of long-distance transportation and better accessibility of the service. In the absence of the above-mentioned amendments to the Code in full, new proposals for amendments to the Code have been registered in Q1-Q3 2024 (on the conclusion of public service contracts; new definitions of existing and new long-distance routes; age requirements for buses, etc.), which, if adopted, could, according to the assessment of the Competition Council and the Special Investigation Service, lead to a return to restrictions of competition on the market of long-distance operators. Feasibility studies on the most appropriate and cost-effective solutions to be applied in the country would lead to a more targeted initiation of changes,

would allow long-distance operators to make more informed decisions on the organisation of their operations, and would mitigate the risk of restricting competition (Sub-section 1.2, p. 14).

The legislation does not define when a long-distance transportation service is considered to be of good quality, nor does it set a standard for the quality of the service. This is important because the amendments to the Road Transport Code were intended to enable passengers to receive a higher quality long-distance transportation service. The requirements for the provision of these services are focused on setting minimum requirements and are defined in different levels of legislation. Regulating minimum service requirements without setting a quality standard makes it difficult to ensure that different carriers across the country provide high quality long-distance transportation services and that the quality of these services improves evenly (Sub-section 1.3, p. 18).

Quality of long-distance transportation services is not improving and passenger flows are not increasing

Changes to long-distance transportation services have not led to greater competition between carriers and better accessibility:

- ✓ Following the adoption of the changes to liberalise the long-distance transportation market, one new carrier has entered the market and started operating on a single route as of 1 August 2024, but competition has not increased. In 2023, 9 carriers withdrew from the service compared to 2022, which was the largest decrease in the number of carriers (from 37 to 28). The market is dominated by 2 large carriers with an increasing share of passengers: 30 and 13% in 2019 and 40 and 17% in 2023.
- ✓ The number of travellers in 2023 has not increased compared to 2022, standing at 4.8 million, which is 2.6 million (35%) fewer than the pre-pandemic level (7.4 million in 2019). The lowest passenger numbers were in 2020 and 2021, with 3.6 million and 3.3 million respectively, due to restrictions on inter-municipal movement due to the Covid-19 pandemic, etc.
- ✓ The Lithuanian Transport Safety Administration has recorded and published a list of 189 long-distance transportation routes that have remained unchanged for 30 years (not including repeating direction routes), 23 routes from the published list are no longer used by passengers because the carriers abandoned them. The Administration has not investigated whether the approved route network meets the needs of passengers. 32% (19 out of 59) of the municipalities surveyed indicate that the accessibility of long-distance transportation for their population has worsened after 01.07.2023, with a reduction in the number of routes (16 out of 19 municipalities) and services (12 out of 19 municipalities); changes in timetables; and changes in inconvenient times (4 out of 19 municipalities). According to the survey, accessibility to district centres and major cities deteriorated most for residents of western and eastern Lithuania: it became more difficult to get to work, the railway station, doctors' appointments
- ✓ Due to the transitional period (18 months) set by the Seimas and the 50% non-overlapping rule with other routes, the administration has not taken any decisions on the alignment of routes to rail and local services, on the establishment of new routes or on the authorisations for carriers to start new services, nor has it abolished unserved routes since 1 July 2023. 42% of the routes for which the carrier has been

granted separate authorisations and on which passengers will actually be carried in 2023 have an overlap of between 0% and 50%. More than half (58%) of the routes have an overlap of more than 50% and 21% of the routes have a 100% overlap.

- ✓ The legal framework for the State to guarantee public transport services on routes that are unattractive to carriers is not clear and organised. The need for a public service has not been identified and the need for financing such services has not been calculated.
- ✓ The lack of competition between carriers, the announcement of routes without any assessment of whether the travel needs of the population have changed over the last 30 years, the lack of a well-established framework for the provision of a public service more than a year after the entry into force of the Code, the lack of identification of the need for the service and the lack of any planning for the financing of the service make it difficult to ensure the quality of the service and the accessibility to long-distance transportation services (Sub-section 2.1, p. 20).

Although the quality of the long-distance transportation service could be ensured by having objective data on the services provided by the carriers, attention to the implementation of the carriers' obligations is insufficient: there is no immediate information available from the bus stations on the irregularity of buses (out of timetable); no real-time data on the geographical position of buses from the carriers; no information on the proportion of buses that meet the age and disability access requirements of the Code; and no analysis of the carriers' information on completed, cancelled and irregular journeys. Without having and analysing complete information on the compliance of carriers with the terms of their contracts, it is not possible to react promptly to ensure the quality and accessibility of long-distance transportation services (Sub-section 2.1, p. 20).

Over the period 2019-2023, the amount reimbursed amount to carriers from the state budget as a result of the concession ranged from EUR 4.6 million in 2021 to EUR 9.8 million in 2023, while the average cost of transport per eligible passenger increased by more than 50% from EUR 3.08 to 4.73. In 2023, the need for subsidies to compensate for these concessions has increased by 17% (compared to 2022). Since 2009, the setting of maximum tariffs for transport services, and therefore the reimbursable ticket price, has not been regulated. The loss of revenue caused by the concessions applied is compensated by the carriers on the basis of the data provided by the carriers, without any verification of the reliability of the data, as the Administration does not have the means to do so and does not question the reliability of this data. Without regulating the maximum tariffs for transport services and without verifying the reliability of the data provided by the carriers on the revenue foregone, the State budget appropriations for the compensation of passenger transport concessions may increase unjustifiably (Sub-section 2.2, p. 29).

The concessions granted are also reimbursed from the State budget for short journeys (up to 50 km) within the territory of the municipality. Between 2022 and 2023, one in three long-distance passengers chose to travel short distances of up to 50 km. Around 1 million passengers per year (2019-2023) used the services of long-distance carriers without travelling outside the territory of a single municipality, even though it is the responsibility of the municipality to organise transport within its territory. The intensive use of long-distance routes for short-distance journeys within municipalities reflects the still underdeveloped network of local/suburban transport, which is the responsibility of the municipalities, and increases the cost to the State budget (Sub-section 2.2, p. 29).