PRESS RELEASE

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Citizen-initiated public thematic report

THE CONTRIBUTION OF USERS TO THE FINANCING OF URBAN PUBLIC TRANSPORT

The organisation of urban public transport is the responsibility of the local authorities, which set the fares. As fare revenues are not sufficient to cover all costs - they only account for 41% of operating expenditure, excluding investment - they supplement funding by other means. To do this, municipalities - grouped together in inter-municipal bodies such as metropolises, conurbation communities or urban communities - can levy a tax on the payroll of local employers, known as the mobility tax, and/or use their general budget, financed by local taxpayers. For a number of years, local authorities have favoured a policy of fare moderation, which has led to a gradual disconnect between fares and the actual use of transport services and therefore the costs incurred, and has encouraged the financing of public transport through taxation. This reduction in the contribution made by users to the financing of public transport jeopardises future investment, which is nonetheless necessary to meet mobility needs and environmental objectives. The report by the *Cour des comptes*, which responds to a request made on its citizens' platform, addresses the issues involved in the development of urban public transport and its financing. The audit, which covers the main transport authorities, describes changes in contributions to the financing of public transport, particularly from users, and examines the operational and financial impact of fare moderation or free travel policies. To this end, it summarises a number of studies carried out by the financial jurisdictions and two surveys of users of the Montpellier and Lyon urban transport networks.

Decentralised pricing systems with little supervision and little preparation

The legal framework gives transport authorities a great deal of freedom to set urban public transport fares. In practice, fare increases are not automatic and are infrequent. They are part of a policy of moderation which, over the last twenty years, has led to an increase in the number of specific social or commercial fares reserved for certain categories of user, without necessarily linking them to a means test. These reductions are often based on a user status (known as social pricing) rather than a means test (known as solidarity pricing), and some low-income people are not eligible for them. As a result, the transport authorities do not systematically comply with the legal obligation to offer a fare reduced by at least 50% for the 10% of the population with the lowest incomes, and when such a fare is available, it is not adequately publicised. In addition, transparency regarding the costs and contributions to the financing of urban public transport is rarely respected, and consultation bodies (partners' committees) still need to strengthen their role. Lastly, pricing policies are often developed independently of assessment work and mobility planning, which ensure that local action is consistent with national environmental objectives. The level of preparation and evaluation of fare changes varies and is sometimes inadequate, especially in the case of such radical changes as the introduction of free fares.

The decline in user contributions puts pressure on urban public transport funding

Urban public transport is funded not only by fares, but also by the employers' mobility tax, supplemented by subsidies from local authorities. In 2019, fare revenue covered only 41% of the transport networks' operating costs alone. This ratio decreases in line with the size of the network: it stood at 45% in the Île-de-France (IDF) region, but only 33% outside IDF and 18% for networks serving fewer than 100,000 inhabitants.

The effect of free travel on the financial equilibrium of public transport networks needs to be assessed differently depending on the size of the local authority and its transport network. For small, lightly used networks, total free travel can be an efficient way of spending public money, in a context where buses run almost empty and fare revenue is low: it leads to an increase in passenger numbers that is greater than the increase in public expenditure. This is not the case for the major networks that are already well used, where free travel results in a significant loss of revenue and the service offering often has to be expanded to accommodate the influx of additional passengers. The resulting financial tensions also threaten the investment projects needed to make buses greener and develop the network.

Prioritise improving services and using pricing tools

The already high level of the employers' mobility tax and the financial constraints faced by the transport authorities support the case for increasing fares to enhance services. Surveys show that price is not a barrier to using public transport, except for the most disadvantaged users. As far as the environmental argument is concerned, although free travel increases passenger numbers, it does not always result in a sufficient modal shift from the car. In Montpellier, for example, free travel has mainly attracted people who used to travel on foot or by bike, with an uncertain health-environment balance: the increase in passenger numbers has led to further saturation of an already very busy network. In extensive or large networks, only an expansion in the offer attracts new users, in particular motorists. The example of Lyon shows that an increase in fares, accompanied by improvements in the range and quality of service, can satisfy users, encourage a modal shift and improve funding. Of course, for medium-sized transport authorities, free travel may appear to be an attractive alternative, as it can, in the short term, increase passenger numbers at a lower cost than developing the service. However, in the long term, this strategy may have a detrimental effect on the financial development of the network. So, rather than developing free travel, it is preferable to put in place schemes to help the most vulnerable people, and not to exclude user-based pricing, differentiated in space and possibly in time (off-peak/peak times, pollution peaks). Efforts to combat fraud also need to be stepped up, by setting operators binding targets for resources and results, backed up by financial incentives to achieve them. As part of this decentralised development of the pricing policy applicable to public transport, the State must ensure that technical and economic data on public transport are produced and shared, encourage a socio-economic assessment of significant fare changes by large transport authorities, and provide for its funding to be adjusted according to the contribution made by users.

Read the report

The* Cour des comptes *ensures that public money is used properly and informs citizens accordingly.

Press contacts

Julie Poissier - Communications Director - +33 (0)6 87 36 52 21 - julie.poissier@ccomptes.fr

Mendrika Lozat-Rabenjamina – Press Relations Manager - +33 (0)6 99 08 54 99 – mendrika.lozat-rabenjamina@ccomptes.fr