

Policy Context for Sustainable Urban Travel

5.1. Urban transport policy

5.1.1. *Urban transport in the 1996 National Transport Policy*

The 1996 Policy includes a short chapter on urban transport that presents priority actions for transport in and around cities. The first among imperatives mentioned is the need to stop contraction in public transport, notably by renewing the vehicle stock and modernising networks. The need for rationalisation of the tariff and fee structure for public transport is highlighted, with combined ticketing for parking at railway and bus stations and riding on the public transport system.

The Policy also calls for traffic calming measures, notably in zones of historical or architectural importance as well as more generally. The need for parking regulations in central districts as well as park and ride in the suburban and outlying areas is also highlighted.

The importance of pedestrian and cycling facilities and conditions are noted, as is the improvement of travel conditions for individuals with reduced mobility.

The Policy calls attention to the particular relevance of these policy priorities for Budapest, specifically in relation to the renovation and building of bridges, the need for parking regulations, for development of the ring road around Budapest and MÁV links to the metro system. The Policy also calls for improving access to Ferhegy airport via increased road capacity and in the longer term, the linking of rail lines to airport. It also makes reference to the need for re-examining the roles and responsibilities of the national and local government relative to public transport provision.

The chapter on urban travel is thus comprised of this list of priorities, but does not go further to elaborate on responsibilities, resources or a time schedule for these objectives.

5.1.2. *Prospects for urban travel under the forthcoming 10-year policy*

Although the new 10-year policy for the transport sector in Hungary had not yet been released at the time of this report, preliminary information regarding the

section on urban transport and travel shows that there is recognition of the importance of integrating policies and processes for spatial planning and land use transport planning and policies. The necessity to view the transport problems of the city in the context of the urban region as a whole is also set forth as an overall objective of urban transport.

Other more specific objectives of the policy expressed in the preliminary draft include:

- Meet sustainable levels of transport demand considering different modes and the needs of different regions.
- Internalise external costs of transport.
- Balance private and public modes of travel.
- Support a balanced regional development, improving the accessibility of certain regions.
- Promote integration of national, regional and local networks and services, increase intermodal transfers.
- Improve safety and environmental impacts of transport.
- Improve levels of quality and service (*e.g.*, physical infrastructure, vehicle fleet, reliability and speed of services).
- Provide fair market regulation of scheduled and non-scheduled services, increase competition and transparency in use of public monies.
- Apply fair pricing schemes – particularly as concerns fares, considering performance and real costs.

More specific information on the “how to” aspect of these objectives was not available, nor was information on the means by which the Government would carry out these goals.

5.1.3. Local traffic and transport plans

Budapest and other larger cities have their own local transport plans, which usually constitute a part of city development (master) plans, prepared every seven to 10 years. Budapest, for example, has prepared a transport strategy to cover the period 2000-2007, which reiterates many of the main goals of the previous transport development plan (1993-1999), including:

- Reducing demand for transport by improved land use management.
- Improving traffic management.
- Mitigating the environmental impacts of transport activity.
- Minimising costs and improving the efficiency of the transport system.

Szeged and even the much smaller city of Vác also have transport development strategies that were either in place or in completion at the time of the review. Szeged was working from a Town Development Concept prepared in 1993 and Vác was in the process of developing a plan for its development. The priorities listed for Szeged are in line with objectives for sustainable development, with focus given to improved public transport, walking and cycling conditions; better freight delivery logistics in the city and a reduction of private car travel. Vác was planning to give priority to walking and cycling over public transport in their transport development plan.

In Budapest, Vác and Szeged, transport policy priorities as articulated in town development concepts reveal adherence to the fundamental principles of sustainable development in urban transport, and in general, appear sound in scope and perspective. Problems have arisen, however, in their implementation. And the roots of the implementation difficulties, though by no means exclusive to Hungarian experience, appear to be embedded in the policy-making framework for urban travel in Hungary, which dictates how transport and travel activity is organised and financed.

5.1.4. Organisation and financing of urban public transport¹

There is no specific legal framework governing provision of urban public transport services. However, two key laws: the 1990 Act on Local Self Government and the Law of Concessions (licences) provide the legal framework for organisation of responsibilities for public service provision and operations.

Central and local responsibilities for urban public transport

As mentioned in Chapter 4, the Act on Local Self Government defines the responsibilities of municipalities in relation to provision of public transport-services. These include:

- Defining network configuration and service provision.
- Setting fares and fare discounts (subject to the approval of the Ministry of Finance).
- Issuing of operational licences.
- Covering financial losses.

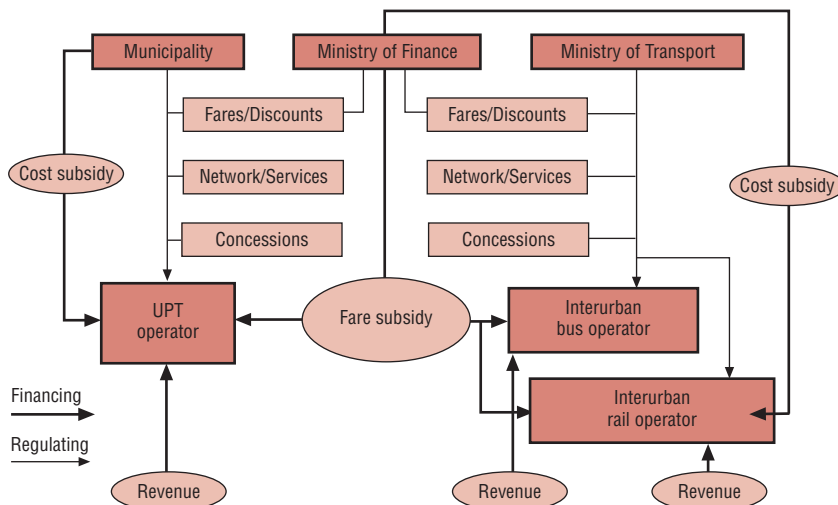
Whilst technically the municipalities are responsible for these key aspects of public transport in urban areas, as stated in the Local Self Government Act, in practice there are a number of factors that impact the way municipal authorities can actually exercise their role. Key among these factors is the ability to meet their financial obligations to public transport service provision, notably, to cover the difference between the operational costs and fare box revenues of urban

public transport and urban rail companies in the form of a cost subsidy,² as well as provide the infrastructure (*i.e.*, road network) free of charge.

Lack of a municipality's ability to meet these financial duties quite logically limits its ability to design and implement public transport system policies. This is notably the case in some of the secondary and tertiary cities with local public transport services such as Szeged. Limited ability of these municipalities to raise sufficient revenue to provide for basic local public services (including public transport) – expanded since the 1990 Act – has in some cases severely constrained the capacity of these cities to develop and implement policies to sustain and improve public transport.³

The Local Self Government Act limits the role of the central government in urban public transport to the approval of fare discounts, or fare subsidies.⁴ Under Hungarian law (the Fare Subsidy Act), all public transport companies are compensated for obligatory fare discounts by the central government, the Ministry of Finance. The Fare Subsidy Act defines the setting of fares and fare discount rates as municipal responsibility in agreement with the Ministry of Finance, which guarantees the fare discounts. This can have a significant impact on the ability of public transport companies to plan and control their operating budgets and financial results, and in turn, the municipalities that often own these companies from doing the same.⁵

Figure 4. Central and local responsibilities for urban public transport



Ownership and control of urban public transport provision

The second law of major importance in urban public transport is the Law of Concessions, which basically classifies all scheduled rail and road passenger transport as services requiring licences for operation.

According to this law, municipalities can either hold full or majority ownership of public transport services or delegate the concession rights to these services to another party by means of a contractual agreement following a tendering procedure. The Concessions Law provides special rights to current operators with no time limit on their current licences in the territory of their present operation, and a priority position for obtaining concession rights to new services. In this way, the possible evolution of a more-deregulated market for public transport provision in Hungary is somewhat hindered.

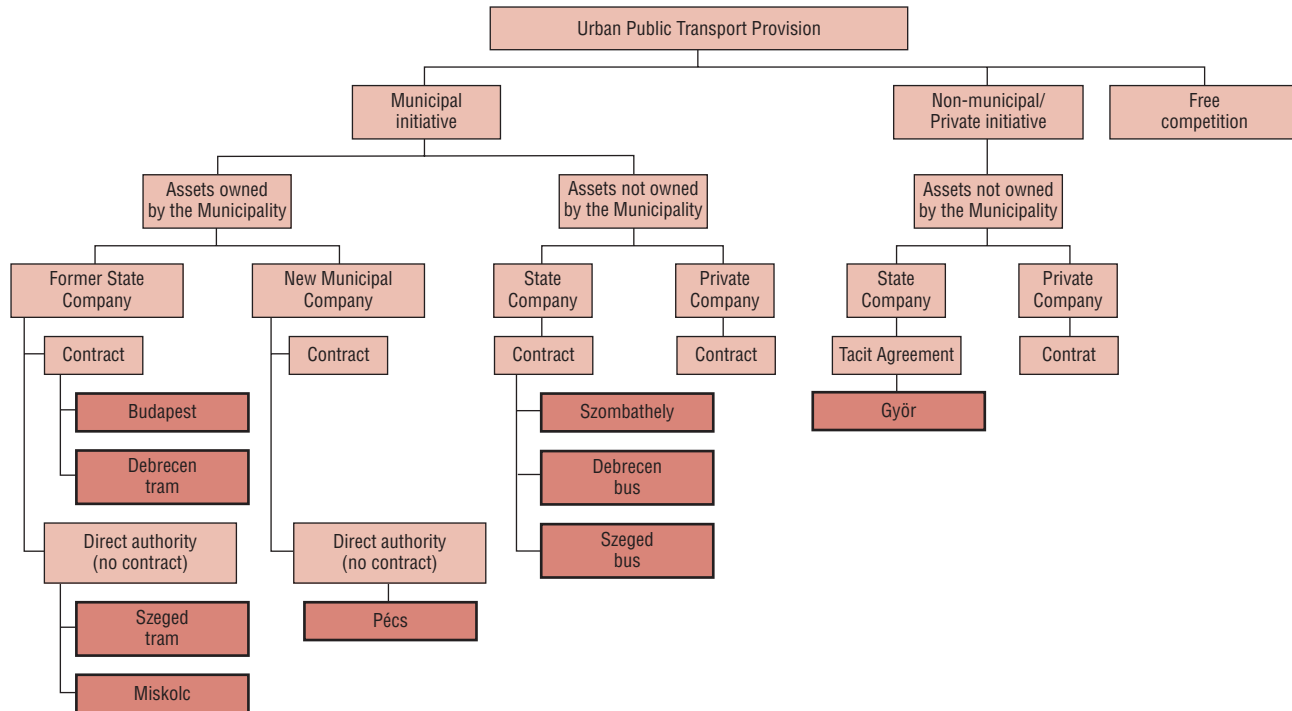
Within this regulated framework, there are two possible ownership scenarios for provision of urban public transport services in Hungary: those that are of public (municipal) initiative, and those that are of a regulated private initiative. There are no examples to date of free competition in public transport provision in Hungary.

In the case of a municipal initiative with publicly owned assets: the municipality is the full owner of the public transport company or operator, with each entity bound by obligations and responsibilities – stipulated or not contractually. The municipal authority can legally control public transport services on both strategic and operational levels, leaving some margin for the operator to intervene in tactical decision-making. In practice, however, most operational decisions are based on proposals from the operators themselves.

On the one hand, the municipality – as an owner – is responsible for the financial status of the company but on the other hand, the municipality – as a competent authority – provides more or less a cost subsidy to cover the deficit the company makes. Though the amount of the cost subsidy provided to the operator by the municipality is subject to annual budgetary negotiation, the authority must in practice cover the full amount of costs not covered by farebox and other revenues. Depending on the type of the service contract, the municipality can exert pressure on the operator to reduce costs via financial incentives.

Local public transport companies other than those with municipal ownership receive a municipal subsidy depending on the willingness of the municipal assembly to support public transport in its town. In most larger cities, public transport is municipally owned, and cost coverage of these companies varies between 80 and 90%.

When the municipality takes the initiative to provide public transport services but does not own the assets of the operator company, according to the Concession Law a contract between the municipality and the service provider is obligatory. The operator can be in state or private ownership.

Figure 5. **Ownership and control of public transport services**

Source: Monigl *et al.*, 2000.

Box 1. **The case of Budapest transport company (BKV)¹**

The BKV is a 100% municipality-owned shareholder company, operating more than 250 tram, bus, trolley and subway lines within Budapest and some suburban rail and bus lines.

With the 1990 Act on Local Self Government, the Municipality of Budapest assumed ownership of local infrastructure and services. The subsequent reduction in central government contributions to public transport found Budapest, like many other municipalities, incapable of maintaining the same level of operating and capital subsidies for public transport (and other municipal) services. As a result, necessary vehicle replacement and maintenance were insufficient, which in turn led to inefficiencies in the system, higher costs, and inadequate quality of service.

New orientations in policy, at that time were placing emphasis on increased fares to cover costs of service provision and better overall cost recovery for the system. At around the same time as BKV fares began to rise, the economy contracted, real incomes dropped and unemployment rose, creating even more difficult conditions for BKV. In addition, expansion of the economy in certain dynamic areas of the private sector along with an influx of second-hand automobiles from outside the country led to higher car ownership and use, and subsequent higher street congestion. Demand for public transport fell whilst the costs of the system increased and were to be borne by a smaller number of public transport system clients.

Since that time, BKV has undergone considerable restructuring and streamlining of its activities, which has helped slow or reverse trends in public transport use. The World Bank's Budapest Urban Transport Project, begun in 1995 and closed in 2001, was designed to support the reforms undertaken by the municipality and BKV. The principal objectives of the project were to modernise and increase the commercial orientation of BKV; establish a formal contractual relationship between BKV and the municipality of Budapest, decrease subsidies to BKV; contribute to improved air quality in Budapest; and implement a parking control policy. Included among the project's goals were to progressively improve cost recovery – targeting 50% in 2000 – increase fares to help reach this target while reducing fare evasion, introduce contracting out of transport services and parking management and parking charges, separate non-core activities from core activities and establish a Budapest Transport Association, basically a fare and service union including BKV, MÁV and Volánbusz. In addition, the project had investment components including bus fleet replacement (with partial financing from tendered national environmental funds), tram track renewal; and a technical assistance and training element, comprising training seminars, conferences and study tours to improve BKV's procedures and staff knowledge and skills and to prepare investment projects among other issues.

During the course of the project, BKV's transport activities such as the funicular railway, chair lift, tourist boat and shipping were divested, as were non-core activities such as printing and telecommunications. Staff was reduced from 21 000 in 1995 to 13 000 in 2001 – a reduction of 38%. Marketing and public information

Box 1. The case of Budapest transport company (BKV)¹ (cont.)

activities have been strengthened, and service improvements made in the form of new vehicles, improved track and roads. Moreover a number of pilot experiences to test the waters for sub-contracting have led to the signature of a contract with a private operator in May 2001 to operate 8 bus lines in South Buda, despite reticence on the part of BKV due to fears of an increase in costs, and constraints of the Law on Concessions.

The cost recovery was partially met via service cuts, increased productivity and fare increases. There were seven increases in fares between 1995 and 2000 – an overall real increase of approximately 20% for the monthly pass and 13% for the average fare.² The real increase in revenue was about 10% over this period, however, due to loss of traffic. With responsibility for fare increases shared between the Budapest municipality and the Ministry of Finance (BKV has the right to propose fare increases, but decisions are taken by the municipal assembly), the municipality agreed to BKV proposals for fare increases – which reflected inflation and estimated price elasticities – every year except 1998, when municipal elections were held. The Finance Ministry, however, refused in the last years the proposed fare hikes due to inflation concerns, setting a 6% fare increase ceiling (inflation was at 8.5 to 10%).

The overall financial health of the BKV is not positive at present. This is in part due to the fact that reduction in subsidy levels has not been matched by fare revenue increases and cost savings, and this has led to a variety of financial difficulties affecting BKV's ability to maintain its fleet and network. Losses in 2002 reached almost HUF 12.5 billion, and the state assumed HUF 38 billion of BKV debt.

Despite these difficulties, 2002 saw two significant additions to the public transport fleet in the form of 27 new TW 6 000 trams and 15 new IK 412 trolley buses. In addition, work on the 4th metro line, stalled for several years, resumed following agreement on the financing responsibilities between the central government (70%) and the municipality (30%). In the longer term, overall rationalisation of financial responsibility for local services along with more general reform to local government finance among other factors should contribute to improved financial strength of BKV.

1. Information for this section has been drawn from The World Bank (2001).

2. Please refer to Table 10.

Table 10. Cost coverage ratio of BKV (1994-2000)

	1994	1995	1996	1997	1998	1999	2000
Cost recovery (%)	35	36	35	43	40	41	48
Target	–	37	41	43	45	47	50

Source: The World Bank, 2001.

There is no significant example of private companies taking part in urban public transport at this time.

When public transport services are not based on municipal initiative, the assets of the operator company are owned by either the central government or by a private consortium. There is usually only a tacit agreement for service provision between the municipality and the government-owned operator (as in the case of Győr). There are, however, minor examples of small private companies with contracts to operate in specific areas, on specific lines.

In general, urban public transport companies are financed from farebox revenues, other commercial revenues, the fare subsidy paid by the Ministry of Finance and, when applicable, the cost subsidy (compensation for operating deficit) paid by the municipality. The ratio of these financing components varies for each operator company in function of ownership, type of contract (if there is any) and the municipality's intentions.

In recent years, the proportion of fare revenues in total revenues has increased from 26% to more than 40%. The fare subsidies have increased proportionally, given that the subsidy level is directly related to that of the fare.

5.1.5. Pricing urban transport

Financing of urban transport is based on budgetary subsidies as described above as well as on contributions by the users/clients of the transport system.

Resources paid by private vehicle owners/users

- Fuel tax

Vehicle fuel prices in Hungary are among the highest in the OECD, particularly relative to per capita income. Changes in fuel prices generally followed fuel prices until the mid-80s when they rose despite decline in global oil prices, 22% more than inflation in the early years of transition up to 1995. By 1995, fuel prices were double the price in the US, 86% of the German price, 61% of the French price and 116% of the Romanian price.

Differentiated excise taxes are levied on leaded and unleaded petrol and form roughly 80% of the price of fuel. Until 1997, part of the tax revenues went to a "Road Fund" (approximately HUF 6.1 billion in 1996), where they were allocated to cover the costs of infrastructure building and maintenance of roads and bicycle paths. In 1998, the Road Fund was abolished and a new tax called a "fiscal tax" was introduced replacing the road fund and a previously imposed consumption tax of 10% to 32%, which had been levied on the purchase of cars. The newer system is less transparent regarding the allocation of the tax revenue to road infrastructure.⁶

- Vehicle tax

A vehicle weight tax or annual licence fee must be paid by all car owners to the local authority. The conditions are therefore determined by the local municipalities and change from one settlement to the other. Usually, a distinction is made between cars of different sizes: the tax is paid for each 100 kg of axle weight. On cars with built-in catalytic converters, the tax is reduced by 50% on those retrofitted with catalytic converters, it is reduced by 75%.

Enforcement of the annual vehicle tax has proven to be inadequate, however, particularly in larger urban areas, with approximately 10 to 30% tax evasion depending on the settlement.

- Parking fees

Parking fees have become a substantial source of revenue to municipalities as the importance of parking management and the value of city centre parking spaces has been increasingly recognised.

Parking fees vary but are generally collected by the municipality and the district⁷ (the latter only in Budapest). In central area of Budapest the price of parking for an hour is approximately equal to the price of 1 litre of petrol. Enforcement of parking regulations and collection of fees remains a problem in many areas however.⁸

- Road tolls and access fees

Access fees in urban areas are for the moment applied in the castle district of Budapest: local residents of this district or individuals with temporary permission can enter the area with their private vehicle and leave their cars in a parking place up to 24 hours for HUF 450 per hour. Similar systems exist on the Margaret Island and in the city centre of Budapest.

Road charges (tolls) were introduced in the 1990s only on the concessioned motorways M1 M5 and not in urban areas or on any by-pass roads. Per-kilometre tolls were very high relative to local purchasing power on these interurban motorways due to pricing policies based in part on the low contribution of the central government to construction costs. The result was insufficient traffic on these concession motorways and traffic diverted to parallel (and severely congested) national highways.

In 1999, with its economic viability in question, the first privately financed motorway section (M1 between Győr and the Austrian border) was nationalised and more reasonably road charges were introduced along with the state-owned M3 concession. Since 2000, a flat fee vignette system has been in operation on the entirety of the M1 and the M3. Since early 2003, this toll system has been applied on the M7 from Budapest to Lake Balaton as well following completion of its renovation. Weekly

(HUF 1 900), monthly (HUF 3 200) and yearly (HUF 29 000) passes can now be purchased at petrol stations.⁹ In July 2003, a four-day sticker (HUF 1 000) was introduced with considerable success for the summer period on M7 to facilitate travel for weekend motorists and this four-day pass may be extended.

Although traffic has increased on the motorways since the nationalised vignette system has been in place, revenues from the system have dropped, so there remains a debt coverage problem.

On the concessioned M5 motorway from Budapest toward Szeged, a distance-based toll system is still in place. As was the case before the M1 was nationalised, traffic is sparse at present on the M5 due to the high toll rate relative to local purchasing power, and considerably less than needed for economic viability. The parallel national highway 5, however, remains severely congested with diverted traffic from both trucks and passenger vehicles – increasingly so when traffic from the M5 integrates the national highway 5 60 km north of Szeged.¹⁰ At present, 55% of road traffic along this corridor is carried on the parallel national highway, 40% of which is traffic from heavy goods vehicles and lorries.

Resources paid by public transport users

- Public transport fares

The key characteristics of Hungarian urban public transport fare systems are the following:

- The basis of the fare system for urban public transport is the price of a single ticket, which in 2002, cost HUF 106 in Budapest. In county capital cities outside of Budapest, the cost of a single ticket was HUF 77-115 when purchased in advance, HUF 96-160 when bought on board.
- There are a wide variety of season passes ranging from daily to yearly passes. The price of a monthly travel pass is derived from the price of a single ticket, usually with a multiplication factor of 24 to 30 in cities other than Budapest and 41 in case of Budapest. The adult monthly pass price in 2002 in Budapest was HUF 4 050.
- The price of a monthly student and pensioner pass is one third of the full price of a travel pass.

All Hungarian cities apply a single zone fare system – a single ticket is valid for one boarding (no interchange) within the municipal boundary. Transfer tickets exist only in Budapest. Transfer tickets and validity of tickets for one zone are not yet available. If more than one vehicle or mode is involved in a given trip, the same ticket/pass is valid for all modes, where the different modes are operated by the same company (Budapest), or because there exists fare integration between the operators (Szeged).

In general, Hungarian urban public transport fares are still relatively inexpensive compared with other European countries. However, relative to average Hungarian income, fares are becoming extremely expensive for some groups of people. This is exacerbating fare evasion and decreases in travel demand.

- Employer contributions to employee transport

Hungarian law obliges employers to reimburse a certain proportion of the costs of their employees' inter-urban travel passes: 86% for railway travel passes and 80% for bus passes. This same obligation does not hold for urban public transport, however.

- Cross-financing

Those public transport operators (mainly the state-owned Volán regional bus companies) that operate interurban *and* urban services often cross-finance their urban activities from the profit of their interurban services – this is the case when local authorities do not have a service contract and provide no operational subsidy.

5.1.6. Integration in Urban Public Transport: The Budapest Transport Association

As part of the World Bank's Budapest Urban Transport Project, described in the text box above, it was proposed that an Association co-ordinating the services of the BKV, MÁV and Volánbusz in the Budapest region be created, this in order to more effectively and efficiently use the passenger transport capacities of each of these organisations and facilitate passenger use of their services, which currently have separate networks, fare, concession and ticketing systems.

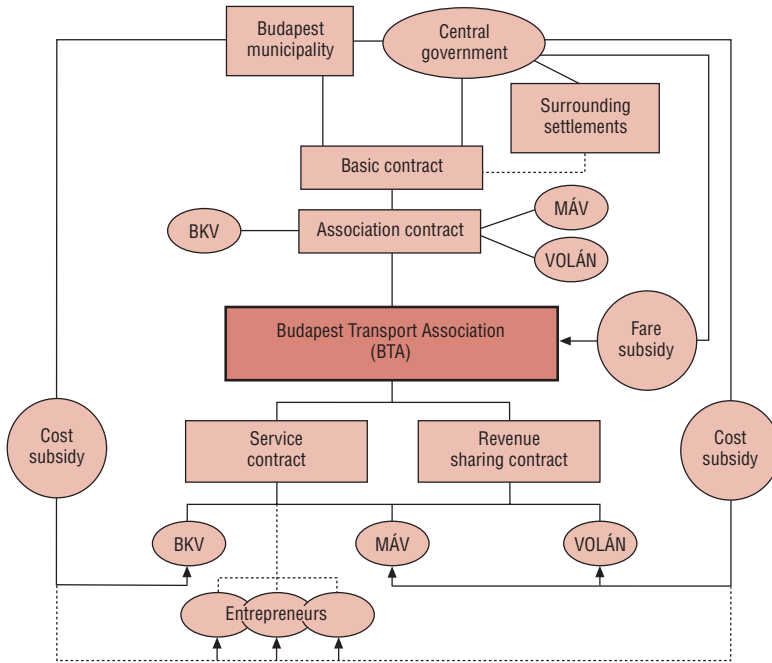
According to the World Bank, all parties involved: the Municipality of Budapest, the Ministry of Transport and the operators agreed that an association of this kind was in the interests of both the passengers, and on a more economic level to reduce costs and increase patronage of the Budapest public transport system.

The proposed structure of the system can be seen in Figure 6.

Initially, an association office was established to proceed with planning and organisation of the project; however, lack of agreement among the three operators regarding compensation for revenue losses put a halt to progress at that point. Further difficulties arose given that distribution of supplementary costs and benefits are likely to differ among the operators.

A proposal was then made in 1999 to launch the effort with an integrated tariff scheme, which would introduce season passes valid for all three operators in Budapest, and a discount for passengers entering or leaving Budapest on MÁV or Volánbusz and using BKV services while in Budapest proper. Whilst preparations have been made by all three operators to make the passes available and harmonise timetables, implementation has been once again blocked by questions of who would pay for the extra HUF 540 million compensation per year (Monigl *et al.*, 2000).

Figure 6. The proposed organisation model of the BTA



Source: Monigl et al., 2000.

5.1.7. Parking policy

Parking remains a serious problem in Budapest and other major cities in Hungary. As mentioned earlier, the influx during the transition period of the 1990s of commercial activities – banks, insurance companies, and other businesses – has been an important factor in increased parking demand in recent years. This, along with the growth in numbers of cars on urban roads, has worsened an already congested traffic situation. Overall parking capacity remains low with few parking garages and limited on-street pay parking. Weak parking controls have led to indiscriminate on-street parking, disrupting pedestrian and car traffic and increasing safety hazards.

Before the transition period, roadside parking in cities was provided free of charge. As car use increased and demand for parking grew as well, this was no longer possible – particularly in city centres. New open parking facilities were built in central areas, often by converting land space cleared from the destruction of old buildings to paid parking areas and multi-story car parks. However the increase of the number parking places alone was not sufficient to respond to the growth in demand.

Local authorities have increasingly recognised the importance of parking as a demand management tool and many cities have introduced paid parking systems on the most important public roads.

In Budapest, parking policy falls under the jurisdiction of each of the 23 districts and the Municipality of Budapest. Co-ordination on a common parking strategy for the urban area of Budapest has been problematic, as each district authority has sought to manage parking according to individual district interests. Several attempts to better co-ordinate parking have been made: a parking union is operating with the participation of the downtown area and the Municipality of Budapest. Other joint initiatives have been established with the participation of the central districts. In addition, the number of multi-story parking facilities has increased slightly in the centre, mostly privately built to serve new office and commercial development. However, inadequate public parking space, particularly in the areas outside the city centre, and insufficient park and ride facilities linked with public transport continue to exacerbate car traffic coming into the centre.

A project financed by the European Bank for Reconstruction and Development in co-ordination with the World Bank has facilitated the implementation of a parking scheme, the specific aspects of which were defined by the Municipality of Budapest, that has created 30 000 parking spaces in central Pest since 1996, not including those operated by individual districts. Under private management, the parking scheme is to expand into Buda districts as well. Fees are highest in the inner districts and diminish towards the periphery. In the context of the scheme, the Municipality of Budapest has also created five protected park-and-ride sites, with plans for an additional two or three in 2002-03. In addition, approximately 2 000 underground car spaces in the city were to become available in 2002.¹¹

In Szeged, severe parking problems in the city pushed the local authorities to pass a decree on paid parking in 1996, which led to the development of a TELPARK parking system operated by a division of the Transport Company of Szeged (SZKT). Under this scheme, the central district of the city – an area subsequently extended in 1999 – was divided into three parking zones differentiated by parking fees. By 2000, HUF 60 million in parking revenues had been collected and allocated to the development of public transport in Szeged. In 2000 and up to mid-2003, responsibility for parking was re-assumed by the municipality and revenues re-directed toward development of parking capacity. In July 2003, parking control was handed back to SZKT, though public transport was not expected to directly benefit from the revenues – already committed to ongoing capacity developments – for some time.

Parking for local residents remains relatively inexpensive in Szeged; for others it is higher. A multi-story car park was recently completed in the centre. A special parking pass around schools has also been introduced so parents can easily drop

off and pick up their children. However, plans for the establishment of a park-and-ride system have not yet materialised.

In Vác, several small parking zones have been created, the management of which is outsourced by the municipality to private entrepreneurs. The main parking concern in Vác concerns demand from commuters from neighbouring settlements travelling daily to the central area of the city.

As mentioned above, general parking minima rules are defined at the national level in the 1997 Act on Shaping and Protecting the Built Environment and adapted by local authorities to local conditions. If the minima levels can not be met by local developers, a fee can be paid to a local parking fund, which can then be used to develop new parking places.

Though technically designed to generate funding for parking capacity, this scheme has proved difficult to implement effectively because of, for example, incompatibility with local development rules restricting parking capacity in certain areas among others.

5.1.8. Walking and cycling policy

Promotion of non-motorised travel is an important part of the development plans for Hungarian cities. In smaller towns, cycling and walking carry an important share of modal split because of the relatively poor level of public transport service, lower car ownership rates and shorter distances. In the larger cities, these modes are drawing increasing attention in transport planning as a means of reducing car-based traffic.

Walking

The improvement of the conditions of pedestrian traffic is one of the key aspects of the Budapest Transport System Development Plan. In Budapest, approximately 25% of daily trips – more than one million trips – are carried out on foot. In the historical city-centre, pedestrian infrastructure has been improved and expanded in recent years, as well as along the banks of the Danube, which are classified as an UNESCO World Heritage site. A persistent problem is that pedestrian zones are often located in areas overcrowded with car traffic and parking with insufficient separation between the two, primarily in the centre.

Improvements envisaged for the pedestrian environment in Budapest include:

- Better pavement and street furniture in important pedestrian areas and physical separation of these zones from motorised traffic and parking.
- Promotion of multi-modal trips including walking via improved design of public transport stations, transfer points and park-and-ride transfer points.
- Improved accessibility to transport facilities for the disabled population.

Its relatively small size makes walking particularly appealing in Vác. A promenade extends along the Danube on the edge of the city and there are some pedestrian-only streets in the centre. However, a coherent scheme for walking has been lacking, including measures to connect different pedestrian zones. In addition, vehicles continue to park in these zones.

To address these problems, a development concept has been prepared, providing for better co-ordination between development of the pedestrian areas and land use characteristics, traffic calming and parking management. It will be primarily extended in the downtown area to connect the main destination points and ensure a better organisation of the traffic in the centre.

Cycling

There are two main bicycle user groups in Hungary: the first is comprised of individuals living mainly in small towns who use their bicycles regularly for travel to work, shopping, etc. and consider their bicycle a “vehicle”. The other group is made up of inhabitants of larger cities, who use their bicycles primarily for sport and leisure activities. In Szeged, there are 1.4 bicycles/household whilst in Budapest this figure is only 0.67.

The 1996 National Transport Policy calls for the establishment of a coherent national bicycle road network by integrating separate inner-city bicycle networks into a national bicycle road network. Vác has recently developed its bicycle network to connect the city with Budapest and nearby settlements along the Danube. This new link with Budapest is designed not only for leisure and tourist cycling but also for travel related to work, shopping and other activities. The Structural Plan of Szeged also includes the objective to develop already-existing cycle routes into a network.

The cycling network of Budapest is 112 km long, with cycling activity highest in the outlying districts of the Pest side – where quality of public transport service is not very high and the flat terrain and relatively calm traffic conditions make suitable conditions for cycling. To promote increased cycling activity in the city, the Municipality has, among others, launched a bicycle-storage programme. Within the framework of this program, bicycle storage infrastructure was built in 240 schools creating cycling storage capacity for 6 000 students. Further storage capacity for 1 500 bicycles has been created in other parts of the city.

The Budapest Transport System Development Plan calls for the extension of the cycling network to 300 km and targets a modal share of 5% for cycling by 2010. Measures planned to attain these goals include:

- Improvement of cycling facilities by developing safe bicycle storage facilities and information systems for cyclists.

- Implementation of a coherent bicycle network, by connecting already-existing cycle paths and lanes; integration of cycling paths in traffic-calmed areas, and creation of new cycling infrastructure.
- Launching a communications campaign to raise the awareness of the benefits of cycling.

5.2. Spatial planning and land use¹²

The 1996 Act on Regional Development and Physical Planning sets out the long-term territorial development objectives of Hungary, and promotes principles of subsidiarity and decentralisation, partnership and participation in detailed development plans on different levels of government. The Act describes regional socio-economic goals of key importance and provides for the harmonisation of county and regional development concepts. In addition, it calls for efforts in planning to minimise transport demand and mitigate environmental impacts of development.

The Act establishes several levels of spatial and physical planning: national, regional (via associations of counties overseen by Regional Development Councils), and counties and small regions (through voluntary associations of municipalities).¹³ On a national level, the National Territorial Master Plan, defines long-term goals over 30 years for the structural development of the country and its regions. It defines objectives for infrastructure networks – including transport – and land use and considers regional specificities and resources, as well as environmental principals. The Master Plan, the implementation of which is the responsibility of the National Regional Development Office within the Prime Minister's Office sets out a system of technical and infrastructure development plans based on the socio-economic goals of different regions of the country.

At the regional level, as noted in Section 4.2.2, National Regional Development Concepts are prepared to co-ordinate spatial planning and territorial development across counties. The guidelines set out at these levels are not legally binding documents.

In fact, spatial planning and land use in urban areas draw only to a minimum extent on territorial development concepts at these national, regional and county levels. The specific policy and legal framework for urban land use is embodied in the 1997 Act on Shaping and Protecting the Built Environment, which applies only at a municipal level. The 1997 Building Act specifies that virtually all development projects in municipal areas must conform to a local land use plan and obtain planning and building permits, issued by the municipality. It also articulates the norms regarding the minimum number of parking spaces required in connection with different types of buildings in different areas. The Act stipulates that environmental impact assessment must be carried out on large development projects,

and that preservation and conservation of historical building sites is regulated by preservation authorities independent of local governments.

Spatial and land-use plans for the city of Budapest are embodied in the city's Master Plan for Settlement Structure and Land Use. Included in the Plan are guidelines for overall development of the city, infrastructure building and operation and preservation of green areas and environmental protection.

The Master Plan forms the basis for the more-detailed district level land use plans. As noted in Section 4.2.2, the districts have considerable autonomy in decision-making regarding land use, including the capacity to define and implement development priorities and zoning regulations, under the supervision of a district chief architect, within their jurisdictions. The link, therefore, between the Master Plan for the city of Budapest and the districts is somewhat blurred.

Planning in Szeged is based on the 1993 Town Development Concept, valid for 15 years. As a pilot city for urban planning in Hungary from 1996 to 1998, Szeged developed a more-detailed "city" plan including plans for infrastructure development and transport as well as land use. This document is updated on an annual basis.

5.3. Environment policy

5.3.1. Overview

Hungary's first environmental legislation, the Forestry Act, dates to 1791 and was reinforced in the early 20th century with the Forest and Nature Conservation Act of 1935. It was then further developed in the early 1960s with the Acts on the Protection of Agricultural Land (1961) and the Water Management (1964).

In the 1970s, with growing concern about municipal and industrial pollution a Conference on Environmental Protection was held in 1973, which led to the first comprehensive environmental law, the 1976 Act on the Protection of the Human Environment.

Most of Hungary's important pieces of environmental legislation have been enacted since 1990, however, and the 1976 Act was replaced in 1995 by the Act on General Rules of Environmental Protection, which was accompanied by a series of environmental laws that were adopted in the mid-1990s. The 1995 Act provides a comprehensive legal framework for environmental protection in Hungary and introduces the principle of pollution prevention over pollution control.¹⁴

The first National Environmental Programme (NEP) covering the period 1997-2002 accounts for Hungary's actions in the context of the Environmental Action Programme for Central and Eastern Europe, the Fifth Environmental Action Programme of the EU and Agenda 21. Complete legal harmonisation of Hungarian environmental laws with EU legislation is to be completed, according to

Government plans, by 2002. Environmental policies implemented during the 1990s have led to pollution emissions reductions and improved air and water quality. However, enforcement remains a problem.¹⁵

5.3.2. Policy goals for transport and the environment

The 1996 National Transport Policy cites “the protection of human life and environment” as one of its main goals. Specific goals include:

- Enforcement of regulations ensuring the safe transport of hazardous materials.
- Improved intermodal co-operation to slow the decrease in the share of railway and waterway transport, as well as an increasing role for combined transport in both import/export and transit traffic.
- A decrease in transport-related air pollutants to reduce harmful effects on human health, notably by applying more-stringent international norms to new road vehicles, building bypass roads around residential areas, and giving priority to public transport and railways.
- A decrease in noise disturbance, in particular by encouraging the introduction of quieter vehicles to the fleet and adopting noise nuisance targets based on UN-ECE regulations.
- A reduction in soil and water pollution and waste from transport by discontinuing the use of leaded petrol, minimising use of de-icing chemicals on roads and using incentives for use of vehicles with the latest environmental technology.
- The preservation of natural landscapes and protection of the environment by developing and maintaining transport systems best adapted to the protected areas and natural heritage sites.¹⁶

The NEP also cites the following as particular objectives for the transport sector:

- Reduction of the transport sector emissions.
- Reduction of the harmful impacts of the noise and vibrations in the settlements.
- Revitalization of urban settlements – in particular – historic city centres.

The National Territorial Master Plan also refers to transport-related environmental goals, that include recognition of the links between spatial planning and development and mobility and transport demand, as well as the importance of giving priority to non-motorised modes of travel and public transport.

Environmental impact assessments are required for all transport projects with potentially significant environmental impacts. Since 1996, an average of 30 EIAs per year have been conducted for transport projects. Highway construction projects require more-detailed assessments.¹⁷

Measures for vehicles and fuels

In addition to the measures described in Section 5.1, a number of policy initiatives have been taken to improve the environmental impact of vehicles and fuels, among them:

- Emission and noise standards for gasoline and diesel vehicles have been equivalent to UN-ECE standards since 1995.
- Three-way catalytic converters are required on all imported gasoline cars since 1996. In the context of a vehicle scrapping programme aimed at reducing the number of two-stroke vehicles on the road, in effect from 1993 to 1995, 10 000 two-stroke vehicles were scrapped.
- Annual inspections of passenger cars, buses and trucks have been mandatory since 1990 with the exception of vehicles with three-way catalytic converters, for which inspections are required every three years.
- In Budapest, less-polluting and more energy-efficient buses were purchased in the mid-1990s and existing vehicles were modernised. Retrofitting of engines led to an approximate 80% reductions in emissions and fuel efficiency gains of 8 to 10%.
- Standards for fuel quality conform to EU norms. Leaded petrol was phased out in 1999 and unleaded petrol accounts for roughly 75% of vehicle fuels.¹⁸

5.3.3. Urban transport and air quality

The policy goals regarding transport-related environmental issues are usually articulated in the Master Plans or Transport Development Plans of cities. In Budapest, objectives for improved air quality are as follows:

- New infrastructure investments must contribute to improvements in air quality through reductions in congestion.
- The diminishing of green areas must be stopped.
- In the inner city by 2002, emissions reductions of 5 to 10% for SO₂; 15 to 20% for NO₂, CO, and O₃, and 20% for suspended particulates.
- On the access roads by 2002, emissions reductions of 5% for SO₂, 10-15% for NO₂, CO, and suspended particulates, and 10-15% for O₃.

5.3.4. Noise and vibration policy

The 5th Environmental Action Programme of the EU forms the basis both of the national environmental policy and local policies regarding noise. The Ministry of Health has set noise and vibration limits for road, railway, waterway and air traffic, whilst the Ministry for Environment along with the Ministry of Transport have together established noise standards for railway vehicles and aircraft among others.

The objectives set out in Budapest's transport plan for noise are as follows:

- Elimination of noise nuisance above 65 dB(A).
- Maximum noise levels of 85 dB(A) and 55 dB(A) in quiet areas.
- No further increases in the number of the inhabitants exposed to noise levels of 55-65 dB(A).

According to Budapest's transport plan, with the present environmental and economical trends, these goals could be attained during the 2000-2010 period, possibly as follows:

Table 11. **Average noise emission in Budapest until 2010**

	1990	1995	2000 ¹	2005 ¹	2010 ¹
Day	70-75	72-76	70-75	68-73	65-70
Night	63-69	64-70	63-69	61-67	58-64

1. Provisional data.

Source: Monigl *et al.*, 2000.

In Vác, the construction of noise protection walls and forest belts along with traffic calming in the city centre form the basis of the town's noise-policy.

5.4. Traffic safety policy

The 1996 Transport Policy states that improving transport safety is of "paramount importance". Among existing opportunities cited to reduce the number and gravity of accidents are included improvements to the road network and vehicles, stricter regulations and controls, measures to influence public attitudes and improved accident response procedures.

The Policy cites enhanced enforcement of safety regulations – particularly as concerns the safe transport of dangerous goods – as essential. It additionally points to the National Traffic Safety Programme (1993) as necessary in providing an integrated approach to accident prevention.

The 1993 Safety Programme sets forth a number of key objectives regarding improvement of safety, among them:

- Reduction of fatal accidents by 25-30% by 2000.
- Traffic safety information dissemination to the public, particularly in schools.
- More efficient police control.

- Centralised computer tracking of traffic infringements.
- Improved safety of road crossings.

A National Committee for Traffic Accident Prevention, which consists of road construction industry and traffic experts, police, and researchers, as well as non-governmental organisations, monitors traffic accidents, sets objectives for improved safety and organises public information campaigns. This national organisation has branches in each county that monitor safety activity in individual regions.

Road safety policy in Hungary has been focused on the following elements.

- General regulations of road traffic based on a highway code.
- Technical standards of vehicles.
- Local traffic engineering.
- Driver behaviour.

The first two elements are regulated on a national level according to international standards. Local traffic engineering in urban areas requires the cooperation of national (country) and local authorities when national roads are concerned. And on local roads, lack of resources often hinders city authorities from maintaining and upgrading road quality, which poses a safety hazard in some urban areas.

Several specific legislative measures have been implemented as a part of the Government's traffic safety programme:

- A penalty-point system was introduced for drivers' permits in 2000 and rendered more stringent in 2003.
- Child safety seats were made compulsory for children under 17 years of age and less than 150 cm in height.
- Rear safety belt use became obligatory as did use of headlights outside built-up areas.
- Maximum speeds within built-up areas was reduced from 60 to 50 km/h and the number of 30 to 40 km/h zones was increased.

As is shown in Section 3.4, in spite of these measures, serious traffic accidents, and fatalities both in and out of built-up areas have increased significantly, though the factors behind this remain unclear for the moment, according to national experts.

Objectives for road safety for the next ten-year period will be outlined in the forthcoming national transport policy.

Notes

1. Much of the factual background information for this section is based on Monigl *et al.* (2000).
2. No cost subsidy is paid to inter-urban bus operators in accordance with governmental priority fare policy for rail.
3. Constraints include legally prescribed minimum levels of service and maximum levels of taxation, in addition to public acceptance of tax increases (OECD, 1996).
4. In exceptional cases such as Budapest, the central government can also provide financial support to the public transport operator company for service provision within the agglomeration but outside municipal borders.
Of note, the programme of the new government (2002) envisages to allocate a “normative” subsidy from the central government to municipalities to cover the costs of urban public transport. This proposed subsidy and its possible implications are briefly described in Section 6.3.
5. See discussion of Budapest public transport below.
6. OECD 2000b, Hook (1999).
7. Please see Section 4.2.3 for further discussion of parking.
8. See Section 5.1.7 for more on parking.
9. Toll level in 2003.
10. Current government plans (2003) are to complete extension of the M5 to Szeged until 2006 and to Serbian border between 2007-2015 and the construction of M43 from Szeged to Makó (32 km) starts until 2006, and section from Makó to the Romanian border (23 km) will be completed during the period 2007-2015.
11. The World Bank, 2001.
12. This section is based on information from Monigl *et al.*, 2000, and Sykora, Ludek, 1999.
13. Please refer to Section 4.2.2 for explanation of the institutional framework and responsibilities for spatial planning and land use.
14. OECD (2000b).
15. *Ibid.*
16. MTCWM (1996).
17. OECD (2000b).
18. *Ibid.*

References

- EC (1998), *Transport Development in the Central European Countries: Analysis of the trends for the years 1994 and 1995*, European Commission, Eurostat and Phare, European Communities, 1998.
- ECMT (1998), *Transport Infrastructure in ECMT Countries: Profiles and Prospects (Monographs)*, the European Conference of Ministers of Transport, 1998.
- ECMT (1997), *Issues in Sustainable Transport: The Case of Hungary*, the European Conference of Ministers of Transport, Document CEMT/CS/ENV(97)3, 1997.
- HCSO (2001), *Statistical Yearbook of Hungary 2000*, Hungarian Central Statistical Office, Budapest, 2000.
- HCSO (2000), *Statistical Yearbook of Hungary 1999*, Hungarian Central Statistical Office, Budapest, 2000.
- Hook (1999), "The political economy of post-transition transportation policy in Hungary", Walter Hook, published in *Transport Policy* 6, Pergamon Press, 1999.
- MTCWM (1996), *Transport Policy of the Government of the Republic of Hungary*, Ministry of Transport, Communication and Water Management, Budapest, 1996.
- MTCWM (1999), *Transport, Post and Telecommunication and Water Management Data 1995-1998*, Ministry of Transport, Communication and Water Management, Budapest, 1999.
- Monigl et al (2000), *Background report for the ECMT National Peer Review of Urban Travel Policy in Hungary*, Dr. János Monigl, Transman Consulting, Budapest, 2000.
- OECD (1999), *OECD Economic Surveys 1998-1999, Hungary*, OECD, Paris : 1999.
- OECD (2000a), *OECD Economic Surveys 1999-2000, Hungary*, OECD, Paris : November, 2000.
- OECD (2000b), *OECD Environmental Performance Reviews, Hungary*, OECD, Paris: 2000.
- OECD, (2001), *Territorial Review of Hungary*, OECD, Paris: 2001.
- Tánczos (1995), "Organising and Financing Urban Public Transport in Budapest", by Katalin Tánczos, Technical University of Budapest, published in *Sustainable Transport in Central and Eastern European Cities*, European Conference of Ministers of Transport and OECD, Paris: 1995.
- World Bank (1995), *Staff Appraisal Report, Republic of Hungary, Budapest Urban Transport Project*, Energy, Environment, Transport and Telecommunications Division, Central Europe Department, Europe and Central Asia Regional Office, The World Bank, May 17, 1995.

Web sites

- Atlapedia (Web), Internet site : Atlapedia, Latimer Clarke Corporation Pty Ltd. 1993-2000, www.atlapedia.com/online/countries/hungary.htm.
- HCSO (Web), Internet site : Hungarian Central Statistical Office 1996-1998, www.ksh.hu/pls/ksh/docs/index_eng.html.
- CIA (2001), *The World Factbook*, www.odci.gov/cia/publications/factbook/geos/hu.html.

Table of Contents

<i>Chapter 1. Introduction</i>	9
<i>Chapter 2. Context</i>	11
2.1. Physical and human contexts	11
2.2. Economic context	13
2.3. General state of and trends in transport.....	15
Notes	20
<i>Chapter 3. Key Trends and Sustainability Issues in Urban Travel</i>	21
3.1. Urban travel	21
3.2. Land-use.....	25
3.3. Environment	26
3.4. Safety	28
Notes	29
<i>Chapter 4. Institutional Context for Sustainable Urban Travel</i>	31
4.1. General administrative structure of Hungary	31
4.2. Institutional framework for land-use, transport and environment planning	32
Notes	38
<i>Chapter 5. Policy Context for Sustainable Urban Travel</i>	39
5.1. Urban transport policy.....	39
5.2. Spatial planning and land use.....	55
5.3. Environment policy.....	56
5.4. Traffic safety policy	59
Notes	61
<i>Chapter 6. Analysis of the Review Team</i>	63
6.1. Context	63
6.2. Policy context for sustainable urban travel.....	63
6.3. Administrative structure for urban transport policy-making.....	66
6.4. Urban public transport enhancement and development.....	73
6.5. Land use and urban policy	77
6.6. Environment policy.....	78
6.7. Concluding Remarks	79
Notes	80
References	81
<i>Annex. Members of the ECMT Peer Review Team</i>	83

From:

Implementing Sustainable Urban Travel Policies

National Peer Review: Hungary

Access the complete publication at:

<https://doi.org/10.1787/9789282113172-en>

Please cite this chapter as:

European Conference of Ministers of Transport (2005), "Policy Context for Sustainable Urban Travel", in *Implementing Sustainable Urban Travel Policies: National Peer Review: Hungary*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789282113172-6-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.