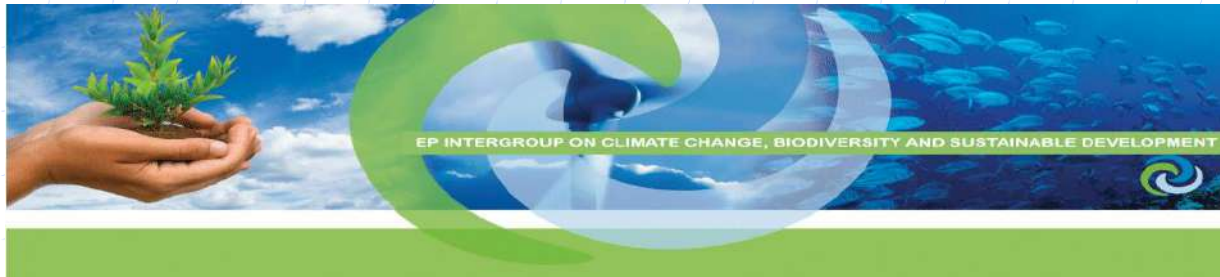




# Thessaloniki Urban Transport Organization (OASTH)



## Thessaloniki urban transport system: past – present – future

*professor G. Skodras  
Chairman of the Board &  
C.E.O. of the OASTH*

# Contents...

- ❑ **The necessity**
- ❑ **The organization**
- ❑ **The challenge**
- ❑ **Next steps**
- ❑ **The future?**
- ❑ **Conclusions**



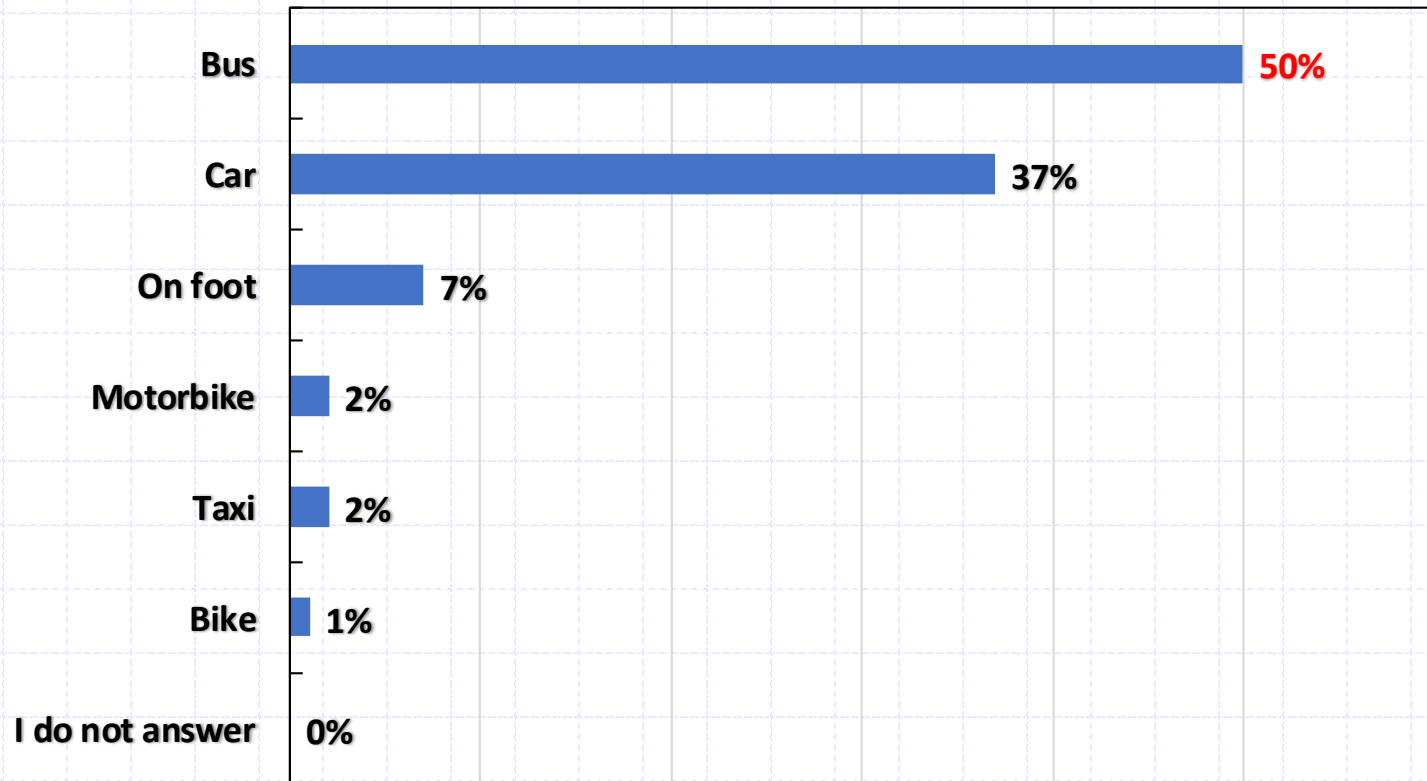
***The necessity...***

# The necessity...

- ❑ **Urban mobility is an essential parameter for the operation of the modern cities**
- ❑ **It is necessary for both the financial and social development of the citizens**
- ❑ **Public urban transportation systems are particularly important, especially for the low-income strata of the society**

# The necessity...

Which means of transportation do you use mainly for your daily commutes?



# The necessity...

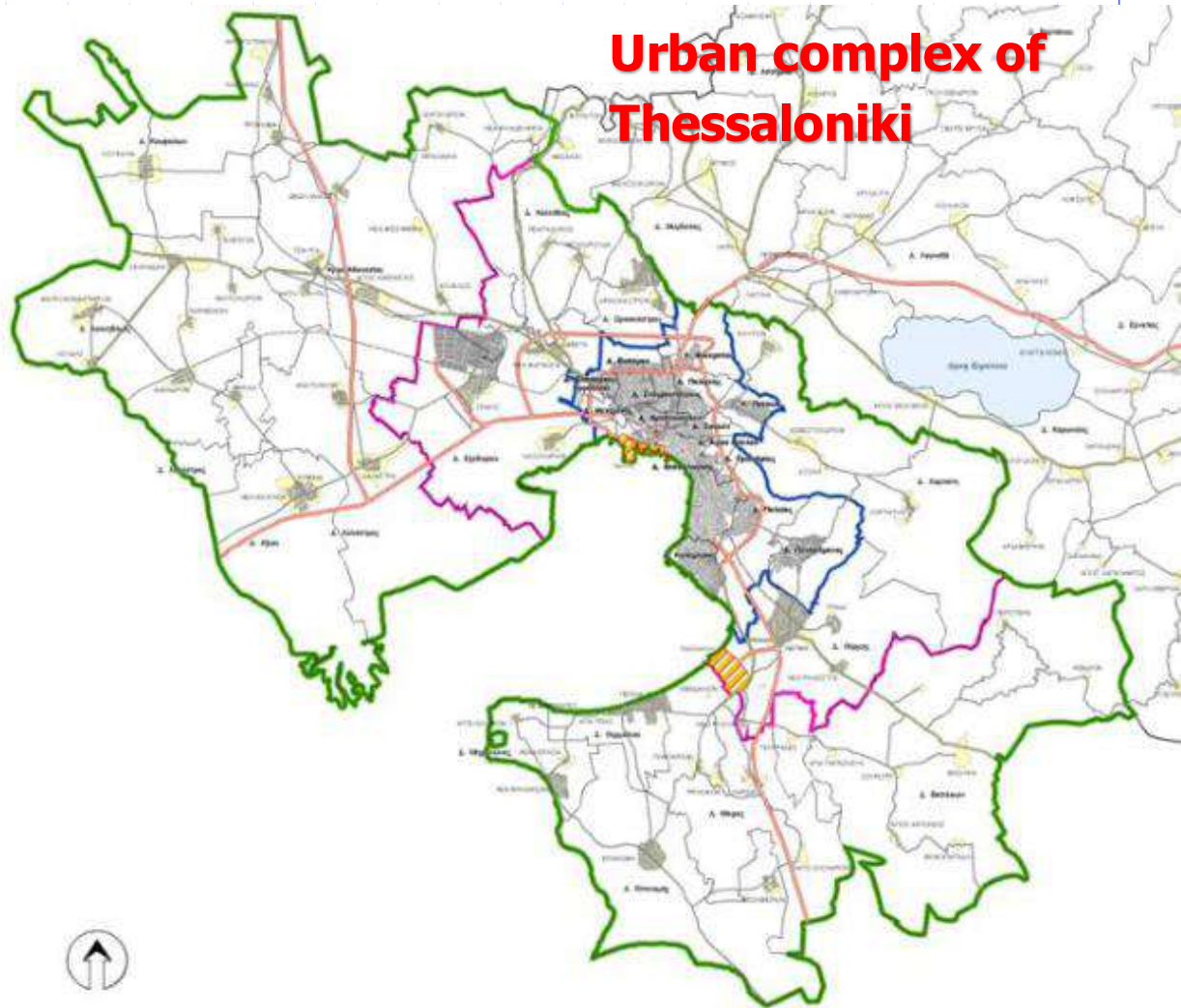
- **Opinion:** Considering its importance, a novel approach for the public urban transport should be considered
  - ✓ In accordance to electricity, the public urban transport should be characterized as "***universal service***", and the member-states should provide a baseline level of services to every resident, at an affordable cost



***OASTH...***

- ❑ **The 2<sup>nd</sup> largest urban cluster in Greece**
- ❑ **Population (actual) about 1,2 M**
- ❑ **Accounts for the 36% of the country's GDP**

**Prefecture of  
Thessaloniki**





# OASTH...

- ❑ Established in 1957 under the law 3721/06.08.1957 (GG 142/A)
- ❑ It holds the privilege of "*exclusive provision of services*" in the spatial area of the Thessaloniki prefecture
- ❑ Its duration and spatial jurisdiction were expanded through a series of laws and agreements (1979, 2001, 2003, 2008, 2010, 2014)
- ❑ It might be considered as an "*idiosyncratic*" cooperative PPP scheme, necessary and suitable for the '50s or '60s

# OASTH...

- ❑ Its legal status remained un-altered till 2017, when it passed into state ownership (law 4482/25.07.2017 (GG 102/A))
- ❑ It was meant to “*expire*” on December 3, 2019
- ❑ Since major issues were not been resolved, the State decided to continue its operation (art. 41, law 4640/30.11.2019 (GG 190/A))
- ❑ Thus, it operates continuously (efficiently or not) for 63 years

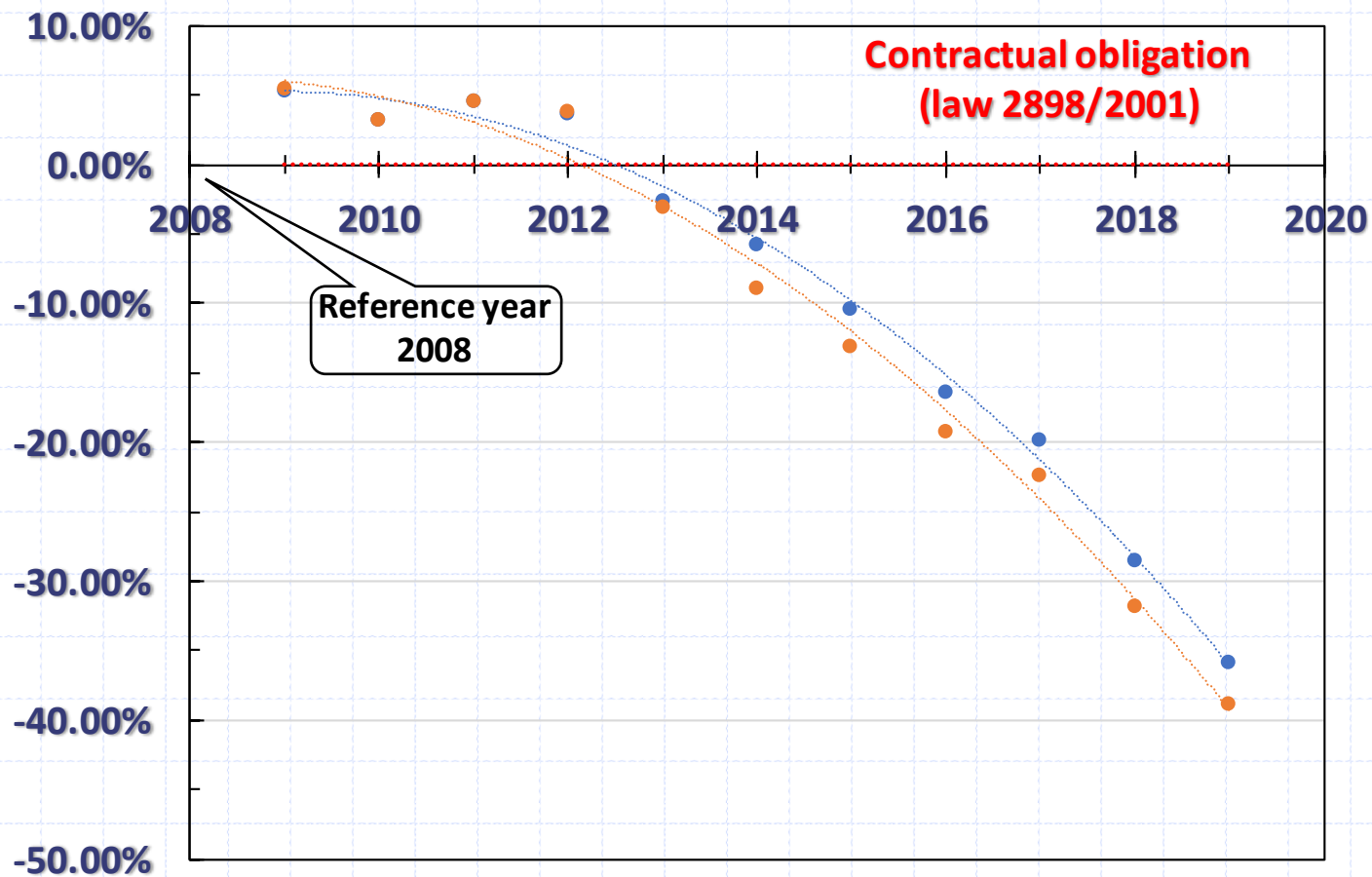


***The challenge...***

# The challenge...

- ❑ In August 2019, the newly appointed management team of OASTH had to confront a huge challenge “*to secure the continuation of the operation*” of the urban transport system
- ❑ An aged fleet of 17 years old, in average, the 60% of which was not operating, due to improper or missing maintenance
- ❑ As a result, OASTH:
  - ✓ was able to cover about the 40% to 60% of the assigned workload
  - ✓ its incomes had collapsed (-40%)

# The challenge...



# The challenge...



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## Enhanced Surveillance Report

Greece, November 2019

**The situation of the public transport company of Thessaloniki (OASTH) raises concerns.** The government had nationalised the company in 2017 in order to undertake a substantial restructuring and generate savings on an expensive private concession. The number of operational buses has decreased since then from 550 to 215. All buses are more than 15 years old, quality and reliability of service are very low and the negative impact of the environment and air quality is particularly high. According to law 4482/2017 the company should have been liquidated and replaced by a new entity by the end of 2019, but this did not take place. Regarding the financial situation, OASTH has in 2019, €24 million of income to which a subsidy of €44 million is added. The expenses for staff salaries are €66 million per annum, allowing little space for fuel, maintenance and replacement of equipment. In this respect, the absence of a business plan with cost containment measures remains a source of concern. The authorities have expressed their intention to prepare a restructuring plan in order to reduce the operating costs to a sustainable level. There is also a plan for procurement of new busses using EU structural funds.

# The challenge...

- To confront the above, a “*crisis management plan*” was designed and deployed, based on hybrid solutions:
  - ✓ Part of the transport load was granted to a private subcontractor for two (2) years
  - ✓ The duration of OASTH was prolonged till Dec. 31, 2022, providing sufficient time to redeploy, the transport system
  - ✓ OASTH was granted the right to lease used buses, and through a public procurement 180 buses were leased (including an option of additional 270 buses)
  - ✓ Debts to the State were “*frozen*”, to allow its operation



***Next steps...***



# Next steps...

- **The next steps of OASTH include:**
  - a. **Achieving a sustainable and environment-friendly growth of public transport**
  - b. **Supporting Greece's efforts to comply with EU Clean Vehicles Directive and the lean Air Act**
  - c. **Improving operational needs of Athens and Thessaloniki bus systems**
  
- **Towards the above:**
  - ✓ **a restructuring plan for OASTH**
  - ✓ **a bus fleet replacement action plan for both Athens and Thessaloniki**

**are in progress**

# Next steps...

## □ Restructuring plan for OASTH

- ✓ New and target-oriented internal structure, with efficient internal auditing scheme
- ✓ Electronic ticketing, unified for all urban transport in Thessaloniki area
- ✓ Digitization/upgrading of its telematics, as well as fleet management systems, paperless operation and fuel handling
- ✓ Cost reduction actions, through public procurements and efficient negotiations
- ✓ Hybrid approach to ensure the necessary fleet availability (bus leasing, including maintenance)

# Next steps...

- **Bus fleet replacement action plan for both Athens and Thessaloniki**
  - ✓ **Project: Renewal of the Urban Bus Fleets for the cities of Athens and Thessaloniki (AA-010370-001)**
    - ❖ **Task 1: Development of an **Action Plan** for bus fleet renewal up until 2030, for the cities of Athens and Thessaloniki**
    - ❖ **Task 2: Elaboration of the **first purchase of buses and develop feasibility study** documents for supporting approval of the investment**
    - ❖ **Task 3: Development of **technical specifications** for the first purchase of buses and support in the tendering process**

# Next steps...

## □ Barriers / pre-requisites

- ✓ **Renewal of the fleet for Thessaloniki should consider that the transition fuel (NG) is missing, and should be considered and quoted**
- ✓ **Trully efficient bus fleet electrification needs renewable electricity, otherwise it just transfers the problem**
- ✓ **The grid and the related infrastructure should be able to cover the electricity demand**
- ✓ **High cost of electric buses and infrastructure, that necessitates State subsidies**
- ✓ **Lack of experience and infrastructure for electric buses maintenance and support**



***The future?***

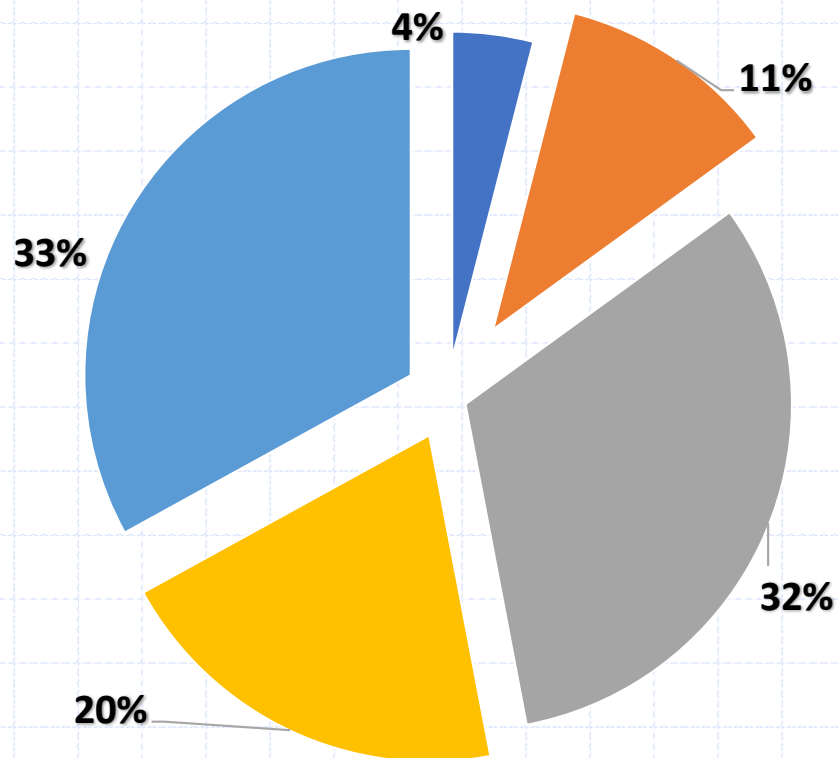
# The future?

- ❑ **The public character of OASTH, at this point, is an one-way street**
- ❑ **The EU regulation 1370/2007, should be fully applied**
- ❑ **The State subsidies should be minimized, since, urban transport systems might and should be economically viable**
- ❑ **Personal opinion: After its restructure and reform, OASTH should be fully privatized**

# The future?

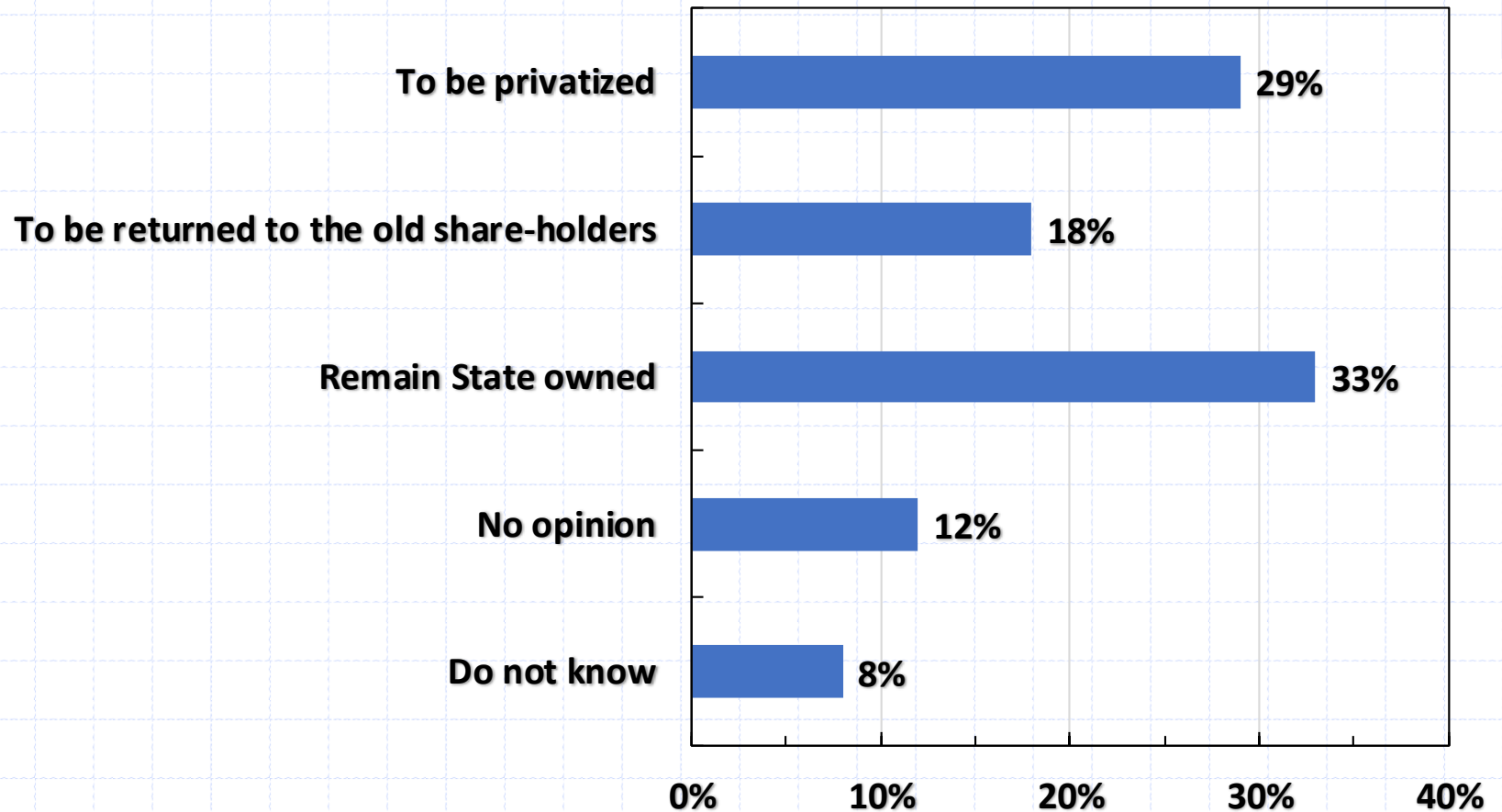
## The urban transport system of Thessaloniki should be?

- I donot know
- I do not care
- Public
- Private
- PPP



# The future?

## What should happen to OASTH?





# The future?

## □ OASTH should be:

- ✓ **Modern, digital and environmentally**
- ✓ **Passengers-friendly and oriented**
- ✓ **Competent and efficient**
- ✓ **Productive and social responsible**
- ✓ **Open to the society and the market**
- ✓ **Tool for economic and social development**



# Thessaloniki Urban Transport Organization (OASTH)

**thank you for your attention!**