



## SUMMARY: GLOBAL REPORT

This report gathers together the main results that cut across the four vertical reports, following the performance audits of the four companies of the State-Owned Business Sector, which provide urban public transport services, in the bus and metro segments, in Lisbon and Oporto, and cover the financial years between **2003 and 2007**:

- Audit Report No. 23/2009: Audit of STCP, SA (Oporto's urban public road transport);
- Audit Report No. 30/2009: Audit of CARRIS, SA (Lisbon's urban public road transport);
- Audit Report No. 07/2010: Audit of Metropolitano de Lisboa, EPE (Lisbon's urban public underground railway);
- Audit Report No. 12/2010: Audit of Metro do Porto, SA (Oporto's urban public light-rail system).

This document therefore brings together the **subsequent observations and conclusions**:

- With regard to the action of the Portuguese State, i.e. the **non-contractualization of public service** with these companies and, therefore, the non-formalization of qualitative and quantitative parameters that are required for providing urban public transport service in those two cities. The Portuguese Court of Auditors (Tribunal de Contas, hereinafter TCP) has clearly found a common practise of indiscriminate and insufficient payment of financial compensations, whose estimate was not based on any objective criteria. The lack of contractual arrangements has not stimulated savings and efficiency of these companies and has led to repeated public sub-funding practices with direct consequences, such as their chronic and growing indebtedness.
- With regard to the Economic and Financial Situation – The four state-owned urban transport companies were in a **continued and growing situation of economic and financial degradation, totally de-capitalised and technically bankrupt**. The Portuguese State, as shareholder, must restore the financial situation of these companies and ask for the implementation of management models which restore their operating viability and contribute to reverse the current situation of banking funding dependency, as well.
- With regard to the qualitative aspects of the Public Service provided – In light of the guidelines of the Green Paper on General Interest Services, published by the European Commission in 2003, the TCP has identified the most important characteristics of the public service provided by the four companies, which were grouped in six items directly associated with each other: Universality and Continuity, Comfort, Access of Information, Affordability of Prices and Tariffs, Safety and Hygiene and, finally, User Protection. The document concludes that these companies provided a **growing quality service**, operating a young modern fleet, provided services with reasonable comfort, safety, hygiene and regularity, even though there was room for improvement in certain aspects, notably in what concerns the effective implementation of an intermodal system in both cities, the coordination between the different urban operators, the planning of the urban networks, the diversity of the existing tariffs, among others.
- Given the fact that the service provided by these companies, and the respective qualitative characteristics, has surpassed what they can afford economically and financially and the financial availability of the State Budget, it is important that the Portuguese State, in its double capacity as shareholder and party that grants the general economic interest service, helps to adequately and reasonably adapt the economic capacity of these companies, arising from a self-sustainable management, in addition to the public funding available, to public service duties put in place by the companies and to the investment policies carried out by them.





- Based upon the consensus that the existence of public transport networks is critical for the sustainable growth of cities, it is important that the large sums of public money add value, as they have been spent on the public transport networks, in the bus and metro segments in Lisbon and Oporto; for that reason, the initiatives carried out by the companies are not enough and it is of paramount importance that these can be supplemented with measurements from the central government and the local authorities, aiming to promote the use of public transport.

