



riigikontroll
National Audit Office of Estonia

Organisation of public transport (follow-up audit of county public transport)

Does county public transport form a whole with the remaining transport network and has the service been developed efficiently and in consideration of people's mobility needs?

Report of the National Audit Office to
the Riigikogu
Tallinn, 13 October 2025

Summary

Did you know...

since 1 July 2023, the organisation of public transport is a responsibility of the Ministry of Regional Affairs and Agriculture; before that, the Ministry of Economic Affairs and Communications was responsible for the area.

Public transport centre – a non-profit association jointly established and financed by local authorities (except Saaremaa Municipality Government and Hiiumaa Municipality Government) and the state, to which the founders may delegate relevant tasks with a management contract, based on the need for a more efficient organisation of regional public transport.

In Saaremaa and Hiiumaa, county public transport is organised by the local authorities. In the report, public transport centres include Saaremaa and Hiiumaa Municipality Governments.

Source: Public Transport Act, § 15 (1) and (2)

The Ministry of Regional Affairs and Agriculture has not managed the area of public transport in a manner that proceeds from the actual mobility needs of people. County public transport is not integrated with the rest of the transport network and there is also no single ticketing system. The Ministry of Regional Affairs and Agriculture has not set standards for public transport service levels, which define the level of connections that must be guaranteed with existing funding – below which the frequency of departures and connections must not fall.

According to public transport satisfaction surveys, the main bottleneck for people in public transport is that the timetables do not meet their needs.¹ This means that the timetable is too infrequent, the departure times or the route are not suitable. Although the national goal has been to increase the number of people using public transport, the data of Statistics Estonia show that the use of public transport by commuters has been declining over the past decade.

Considering the needs of the people who already use county bus routes is not enough to get more people to use public transport.

Although more research is being done on the patterns of people's actual movements than in the past, few **public transport centres** have identified the needs of those who do not use public transport. Analysing mobility patterns throughout Estonia using, for example, mobile positioning or traffic counting data, would help plan a more efficient public transport system and increase the number of public transport users.

Timetables that integrate the different modes of transport into a coherent whole would allow shorter waiting times and make transfers more convenient, which would make public transport more competitive, but the Ministry of Regional Affairs and Agriculture has not managed to coordinate public transport nationwide. The current bus network and timetable planning tends to be focus on single counties and does not support inter-county and intermodal mobility. The analysis of the routes selected by the National Audit Office showed that the average waiting time for transfers was 26.5 minutes and sometimes reached an hour.

The need for a single nationwide ticketing system has been talked about for years, but so far it has not been created. The connection of the timetables of different modes of transport (county, long-distance and local bus routes, planes, ferries, trains) should be centrally coordinated.

¹ Source: The survey "Nationwide satisfaction of residents with the living environment and the public services of local authorities" commissioned by the Ministry of Regional Affairs and Agriculture in 2024.

At present, the timetables are prepared on different grounds and within the competences given to the organiser, leading to fragmentation and inconsistencies between timetables. Changing modes of travel would be made easier by light traffic paths and car parks, but usually there are none near bus stops.

Creating a route network that better meets people's needs is difficult to achieve, as the current funding arrangements do not ensure that the network can be maintained even at the current level, as funding the obligations assumed with public transport contracts is already a struggle. In 2024, the state subsidised the transport of passengers by public transport with €148.5 million in total: €72 million was spent on bus routes, €40.8 million on rail transport, €28.7 million on ferry routes and €7 million on air routes. The public transport subsidy has increased year on year and the forecast of the Ministry of Regional Affairs and Agriculture shows that the need for support of all modes of transport continues growing.

For years, less money has been allocated for public transport from the state budget to the basic budget of the Ministry of Regional Affairs and Agriculture, i.e. the starting point of budgeting, for covering the fixed costs and liabilities of the Ministry than is necessary for the performance of the obligations assumed with contracts, although the necessary amounts have largely been known at the time the state budget is planned. In the last four years, an additional €83.7 million has been allocated from [the reserve fund of the Government of the Republic](#) to cover the deficit in the core public transport budget.

The draft of the 2026 State Budget Act is being discussed in the Riigikogu at the time of publication of the report. The draft includes plans to increase the support for public transport in the budget of the Ministry of Regional Affairs and Agriculture in comparison to previous years in order to fund the obligations assumed with contracts.

As the current size of the basic budget of the Ministry of Regional Affairs and Agriculture meant for funding public transport is not sufficient to allow providing the service at the same level in the coming years, the Ministry must establish, taking into account the money available for use, what kind of service the state wants and can provide at all, and develop solutions for a more efficient organisation of county bus transport. The Ministry explained that the main way to reduce the large gap between the revenues and costs of public transport is to reduce the number of routes, i.e. to shorten routes, reduce frequencies and close routes, or raise ticket prices.

[Reserve fund of the Government of the Republic](#) – resource of money from which allocations are made only for expenditure and investments that could not have been foreseen when the state budget was prepared, and for financing the specific activities approved by the Government of the Republic.

Source: Government of the Republic Regulation No 123 "Procedure for allocation of funds from the reserve fund of the Government of the Republic and for use of allocated funds", § 1

On-demand transport – the National Audit Office defines on-demand bus transport as transport without a regular route or timetable.

Public transport infrastructure – a bus or railway station, port, passenger terminal, quay, platform, shelter, stop, information or communication system and other route facilities and equipment and the fixtures and fittings intended or necessary for their operation.

Light traffic paths and car parks are built to improve accessibility and facilitate transfers and are not included in public transport infrastructure.

Source: Public Transport Act, § 11 (1)

In order to better plan and justify costs and revenues, it is important for the Ministry of Regional Affairs and Agriculture to clearly define at the legislative level what service the state expects for the money allocated to public transport and in which cases maintaining a route should be considered unreasonably expensive and to offer people **demand-based transport**, for example. The low and unclear funding of public transport does not allow the Ministry of Regional Affairs and Agriculture and public transport centres to plan the maintenance of the current network or develop public transport in the longer term.

The organisation of public transport still includes duplication of tasks, such as accounting, the organisation of procurement, data collection and the commissioning of studies. The clear definition of responsibilities is also made more complicated by the institutional fragmentation of the planning of **public transport infrastructure**.

The classification of bus routes is not clear. The Public Transport Act does not make it clear which routes – county, long-distance or municipal – must be organised and financed by the state and which by the local authority. The concept of an on-demand bus route is not mentioned in law at all. It should be clear to all parties, in a manner that can be legally interpreted, who must organise regular services and what they must be like, who must pay for certain routes and in which cases the service must be provided by county or local bus routes.

The tasks of public transport organisers overlap and responsibility is fragmented. There is duplication of tasks in the organisation of public transport, including in the provision of supporting services, data collection and commissioning of studies. The clear definition of responsibilities is also made more complicated by the institutional fragmentation of the organisation of public transport, particularly in the planning of public transport infrastructure, which is a task of the areas of government of the Ministry of Regional Affairs and Agriculture and the Ministry of Climate at the same time.

Recommendations of the National Audit Office to the Minister of Regional Affairs and Agriculture:

- develop a procedure for sharing data with public transport centres in order to study the mobility needs of people who use public transport as well as those who do not; and set up a nationwide system to coordinate all modes of transport (including ferries, planes, trains, county and local bus transport);
- establish standards for the level of service of public transport and to set uniform principles for the financing of the route network based on service levels, including the limits in the case of which maintaining a route is unreasonably expensive;

- agree, in cooperation with local authorities, on the unambiguous content and distribution of county bus, long-distance, local authority and on-demand routes, and on the principles of financing.

Response of the Minister of Regional Affairs and Agriculture: All in all, the Ministry of Regional Affairs and Agriculture welcomes the recommendations made by the National Audit Office and considers that the audit of the organisation of public transport supports the resolution of the problems raised by the public transport reform initiated by the Ministry in 2024.

The Ministry of Regional Affairs and Agriculture does not consider it necessary to develop a separate procedure for data sharing, as it has provided public transport centres with a practical solution in the form of a web-based software for analysing the route network, which can display relevant statistics and mobility data in different layers of maps to assess the impact of route network changes. The report on the use of stops, based on validation data from county routes, will be ready for use by public transport centres in the near future. The Ministry will then continue to analyse other indicators based on the validation data, using the Power BI tool, which helps study the available data dynamically and better assess the feasibility of the routes.

The development of service level standards is underway and a single network of routes is already being developed as part of the mobility reform. It is planned to change the definitions of routes with an amendment to the Public Transport Act in order to divide responsibility and funding principles more clearly.