

The optimal infrastructure manager for the future

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1. Passenger rail authorities in various countries of Europe have made very good experiences with **competitive tendering of regional railway services**: They have been able to reduce the level of subsidies on rural / suburban / interregional lines by up to 15 / 23 / 47 % and at the same time to improve the level of quality significantly.

At the same time the **budgets** for financing non profitable services are becoming tighter: The infrastructure fees and the costs especially of staff and energy are increasing, whereas public budgets are being cut.

2. For these reasons we have a number of basic **requirements for using and developing the railway infrastructure**:

- Railway infrastructure has to be operated in the most efficient way at the lowest possible costs providing at the same time the highest possible capacity. The fees have to reflect the costs only that are necessary for operating the infrastructure.
- The infrastructure has to provide the best possible framework conditions for the competition between the railway undertakings, which is a prerequisite for us to be able purchase the services at good conditions.
- The development of the infrastructure has to take into consideration the requirements of regional passenger rail transport in the best way concerning capacity and availability. This enables us to improve the offer, to attract additional passengers and in general to use the public budgets in the most efficient way.

3. Passenger rail authorities in many countries of Europe have a number of **problems** however that are directly linked to the operation of the infrastructure by integrated railway companies:

- Station and infrastructure fees paid by regional rail transport are too expensive in relation to the costs induced to the infrastructure manager by regional rail transport.
- The infrastructure fees are not transparent and include an oversized income return on public subsidies and high overhead costs.
- Past package deals have led to overcompensated direct awards of service contracts.
- Under some circumstances regional infrastructure managers can operate infrastructure more efficiently and at lower costs than the incumbent company. These do not allow implementing such structures however.
- Infrastructure development projects are difficult to be initiated by passenger rail authorities, even if these are economically viable.
- Infrastructure development of the incumbent infrastructure manager often focusses on the needs of railway undertakings that are part of the incumbent holding. On the other hand projects that improve regional rail transport are treated with lower priority.

4. For these reasons we deem it necessary to **change the structure of the incumbent integrated railway companies**:

As a basic principle it seems to be necessary to us to **fully unbundle** railway undertakings and infrastructure managers in order to solve the above mentioned problems.

In our point of view it is **at least necessary** to implement the following changes in the structure of the integrated railway companies:

- We need transparency concerning business target planning, cash-flow management, terms on internal funding and financial flows across the group.
- Public subsidies must not feed income on return.
- Domination agreements and profit transfer agreements have to be ended.
- Decisions concerning investments and the development of the infrastructure must not be influenced by integrated companies including railway undertakings.

These items have to be part of a list of **essential functions** of the infrastructure managers.