

DoT Victoria, Melbourne, October 2010

Railway Regulation in Europe

Who makes the rules and have they fixed the problem?

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International Transport Forum

Outline

- What does Brussels control and why?
- The problems Brussels set out to fix.
- The remedies chosen.
- Limits to EU powers.
- Structural or behavioural regulation.
- Today's issues.
- Safety

The problem

- Rail's contribution to
 1. single market
 2. Cohesion
- Economic issues
 - low productivity
 - deficits
 - fragmentation (missing links, interoperability)
- Environment: modal shift

The remedies

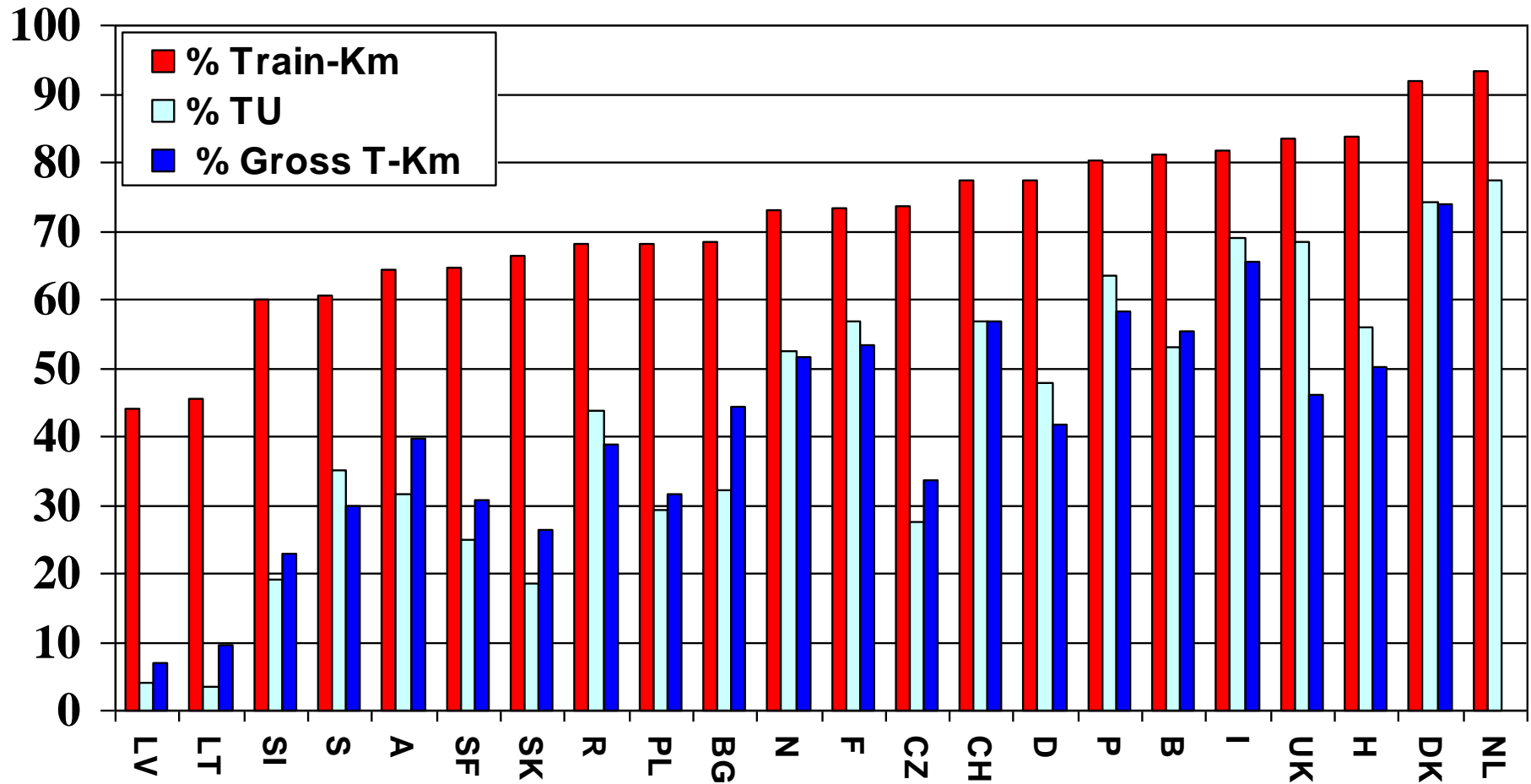
- First rail package (EEC/91/440 etc.)
- Sustainable finance – remove accumulated debts, fully fund PSOs, end cross subsidies
- Open freight to new entrants by
 - Independent oversight/regulation of capacity allocation and access to essential facilities
 - Separating infrastructure / train operations
ACCOUNTS

European Railways are all Different

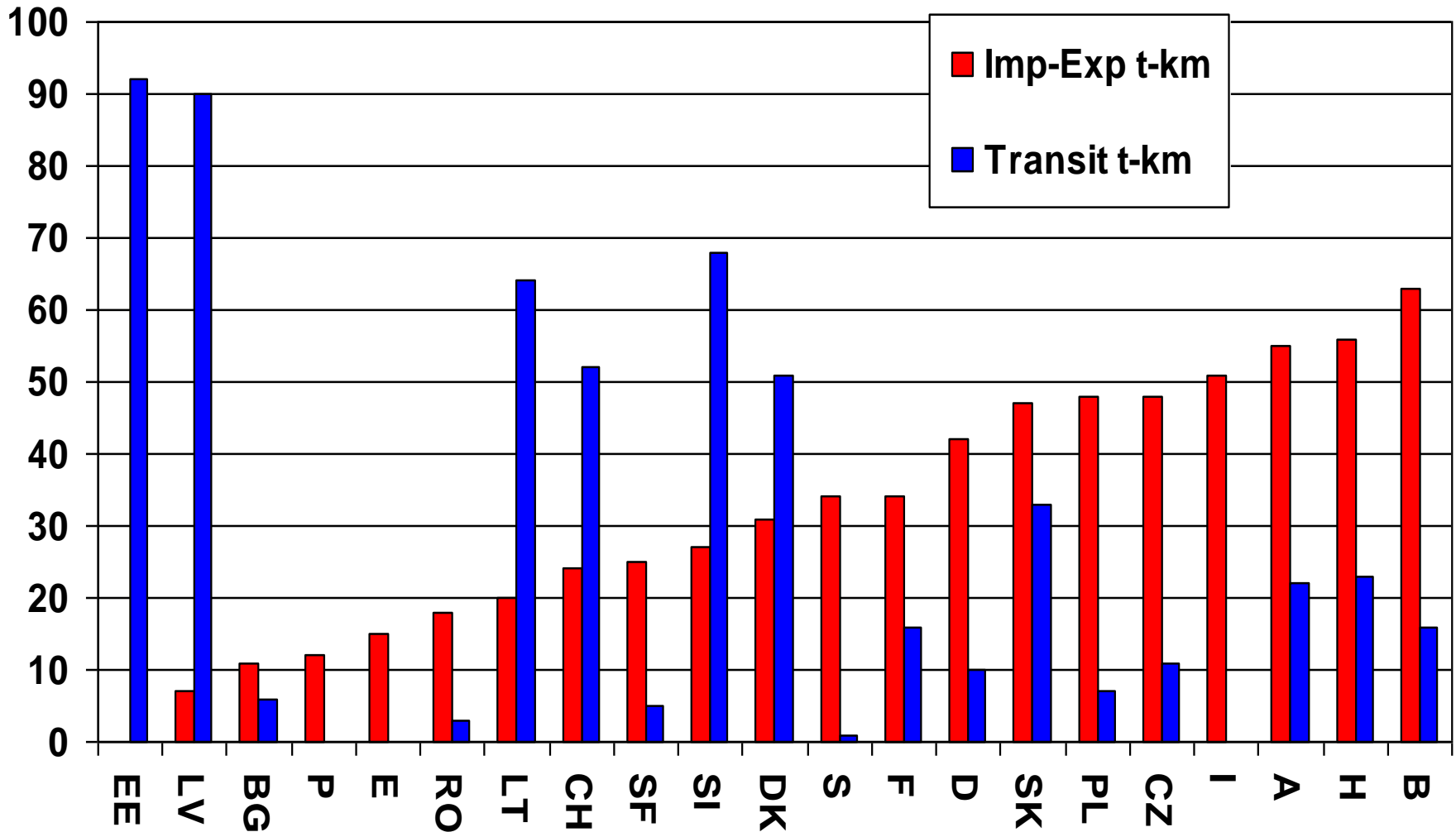
- Structure
- Regulation
- Traffic mix
- Traffic density
- Markets
- Infrastructure charges

Traffic Mix (Percent Passenger Traffic)

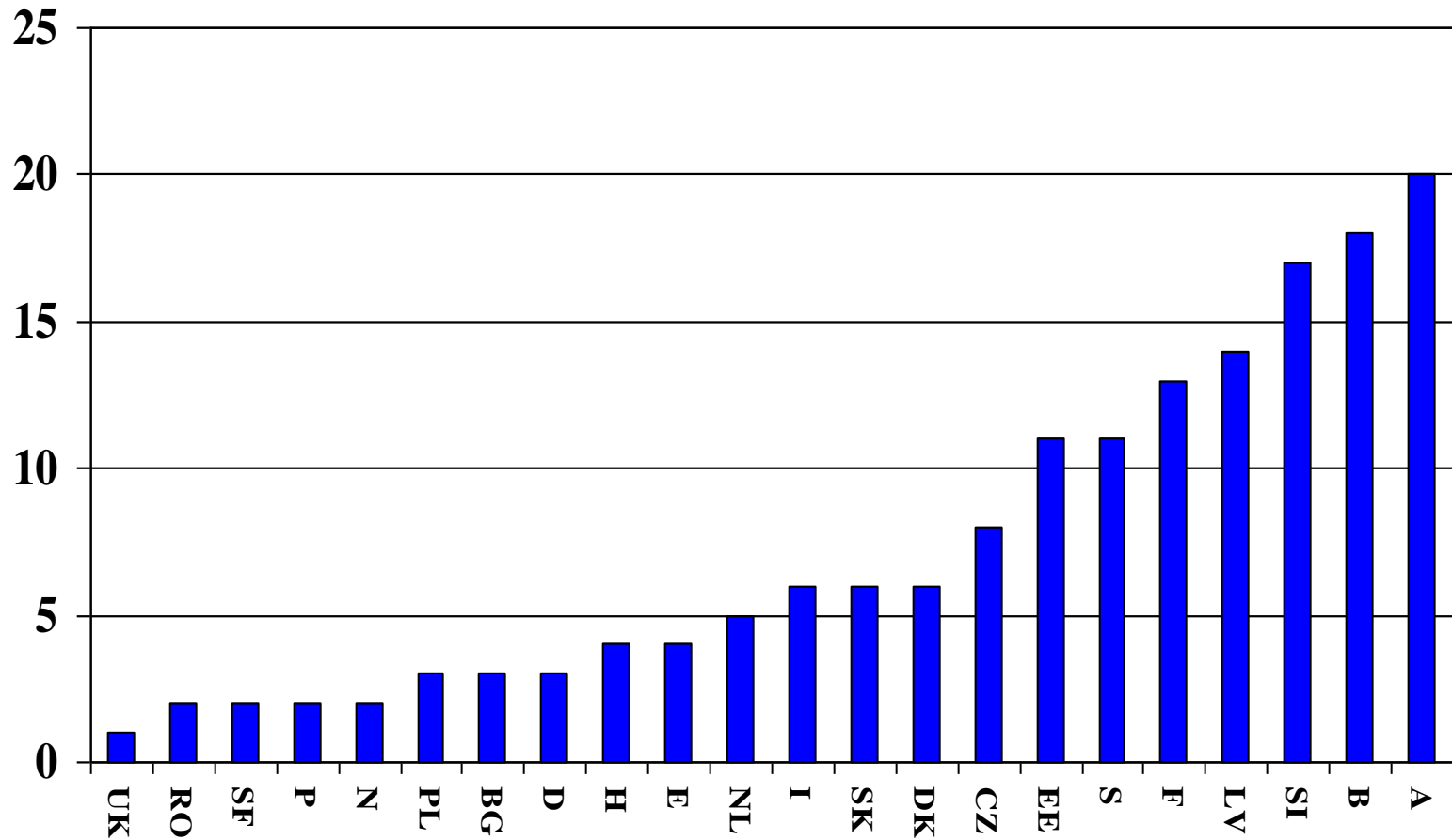
TU=P-Km + T-Km



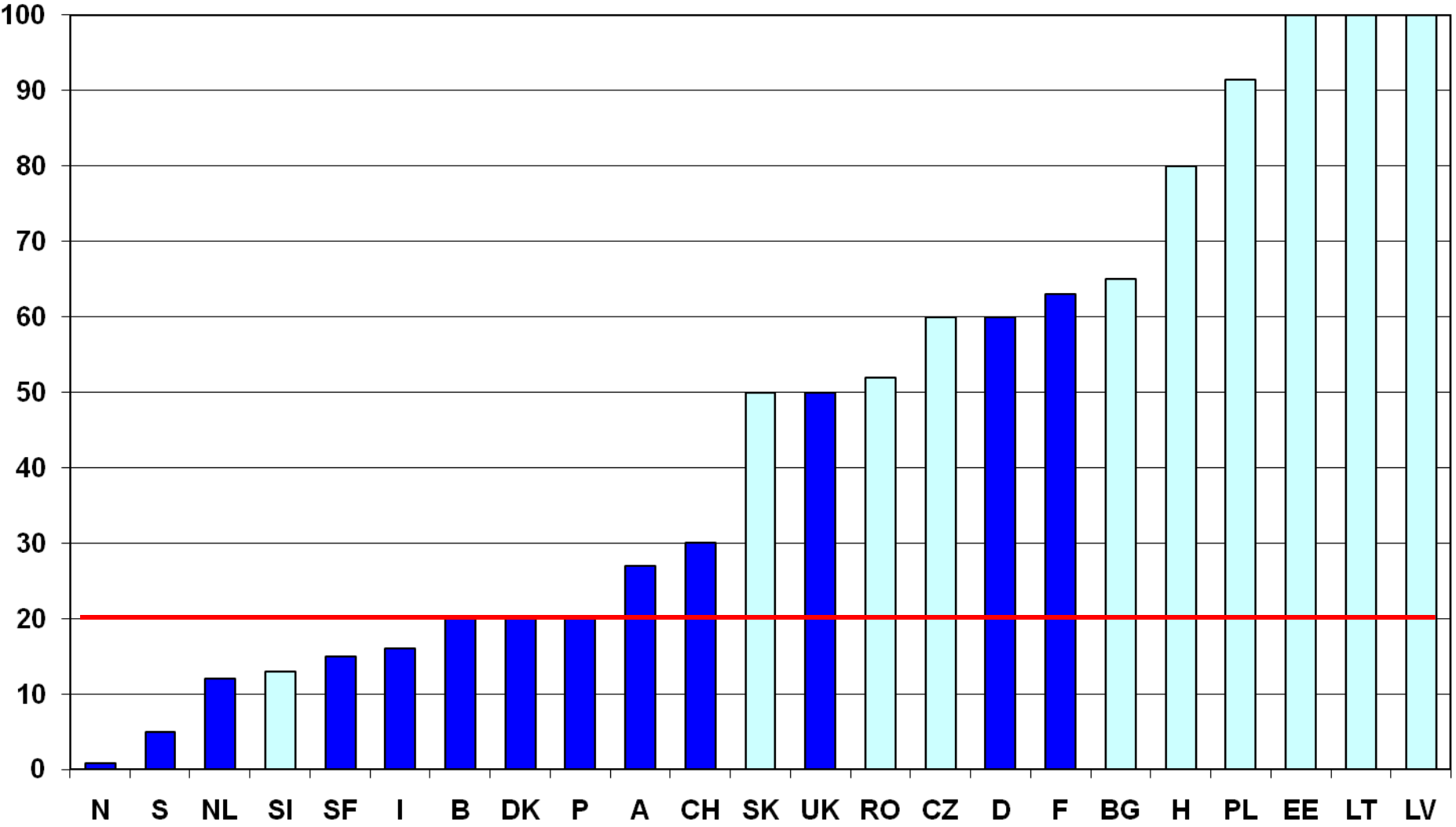
Percent International Freight Traffic



Percent International Passenger Traffic



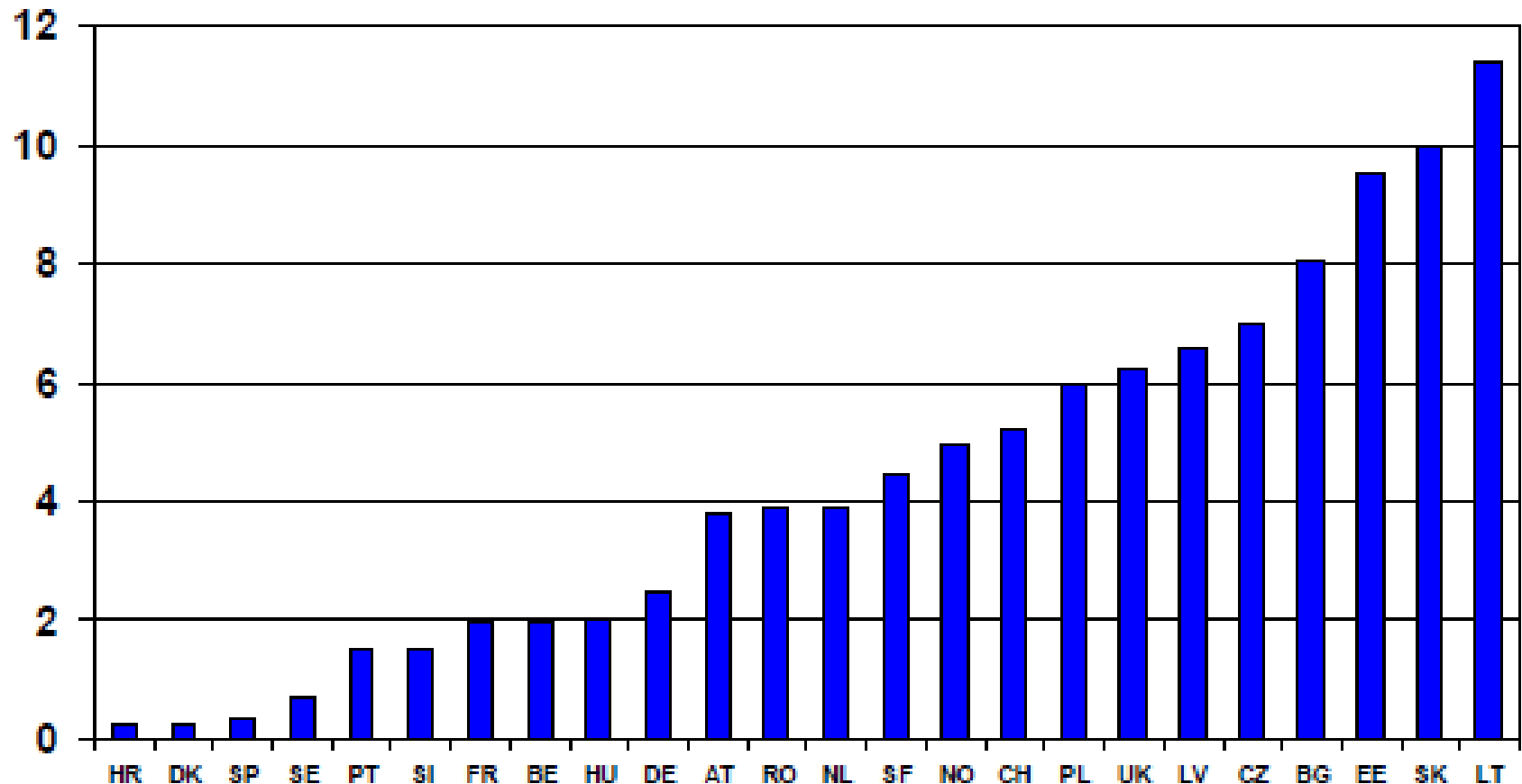
Percent of Total Rail Infrastructure Costs Covered by Infrastructure Charges, 2004



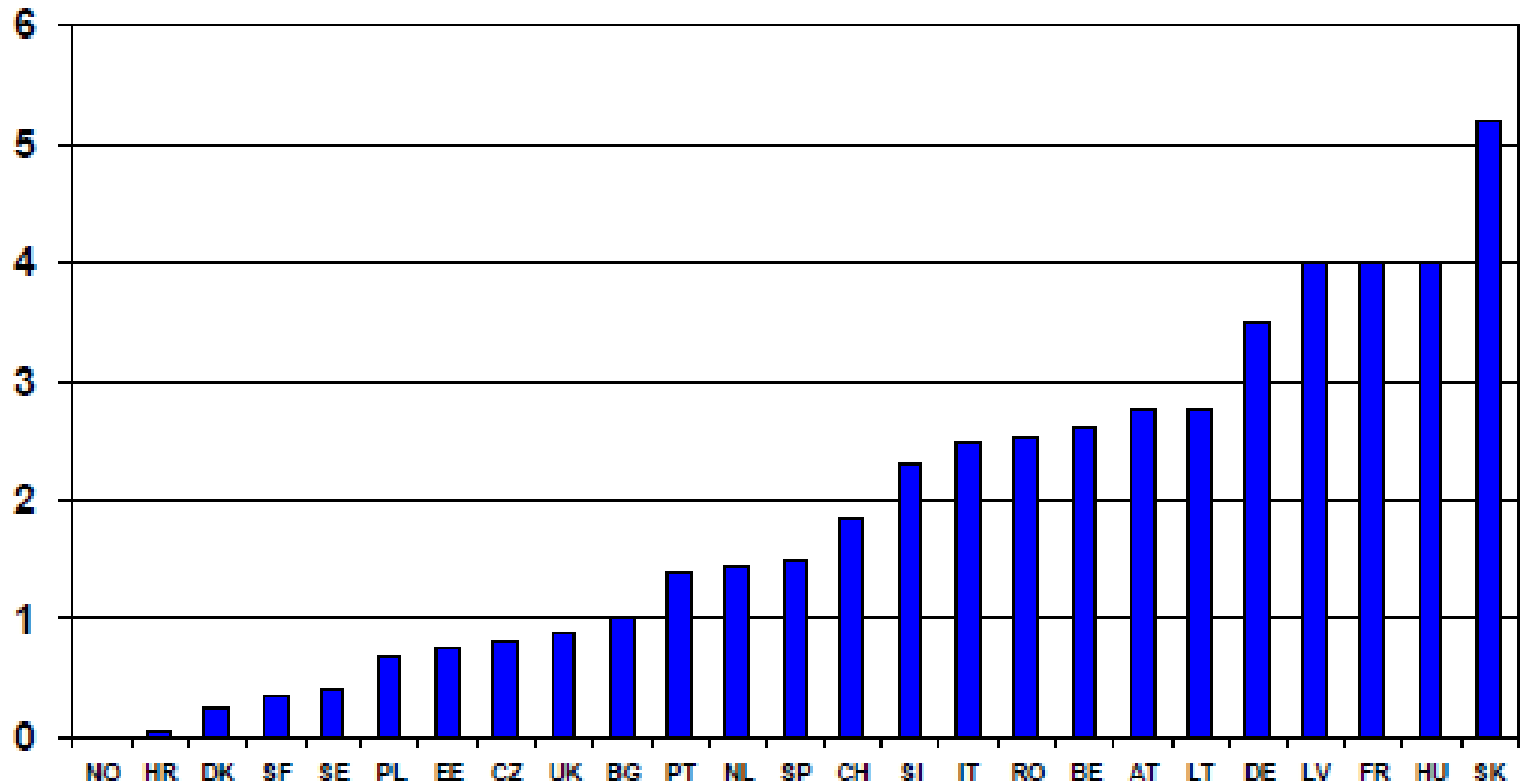
Source: ECMT

Light coloring indicates CEEC

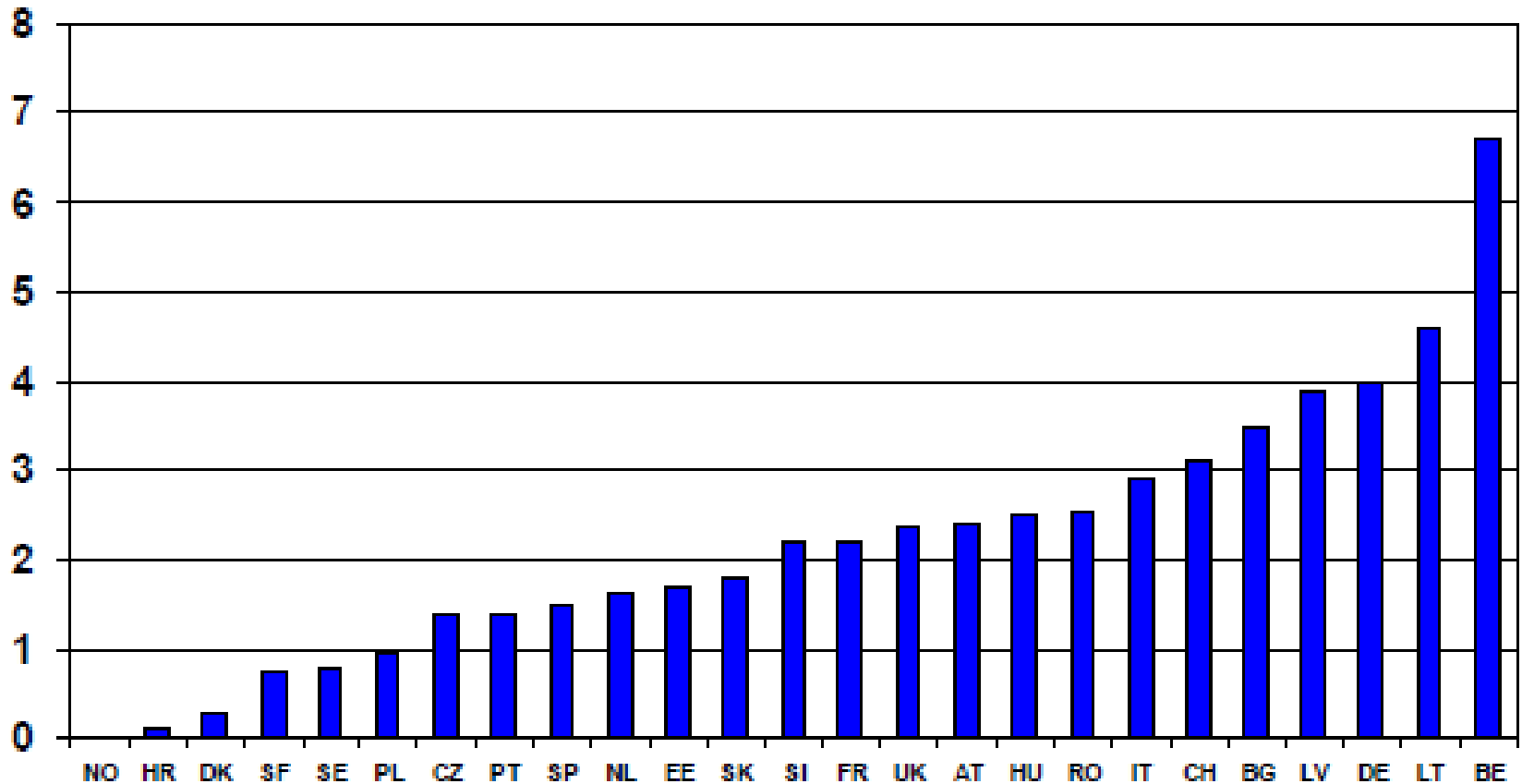
Access Charges For Typical 2000 Gross Ton Freight Train (Euros/Train-Km)



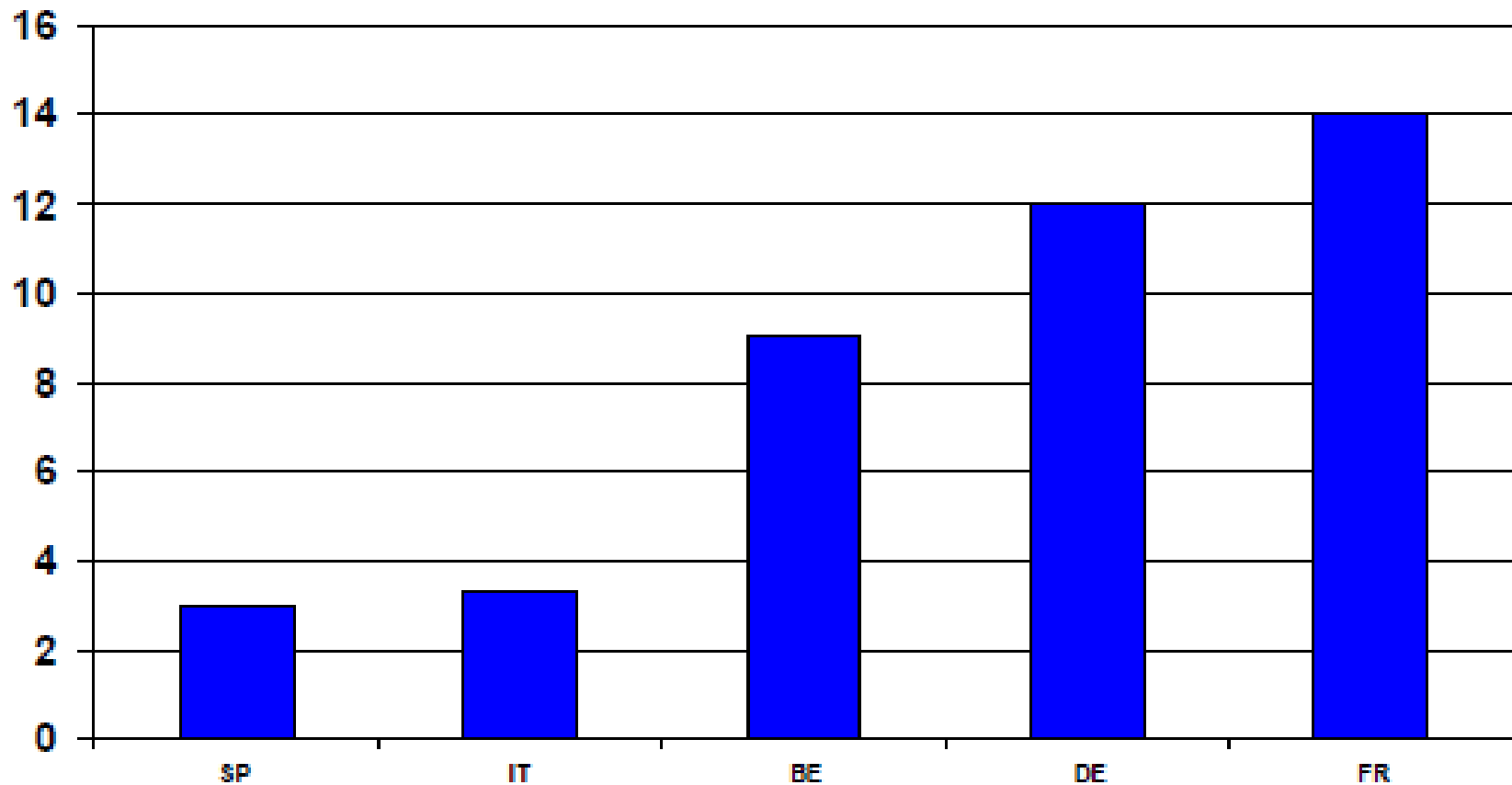
Access Charges For Typical Local and Suburban Trains (Euros/Train-Km)



Access Charges For Typical Intercity Passenger Trains (Euros/Train-Km)

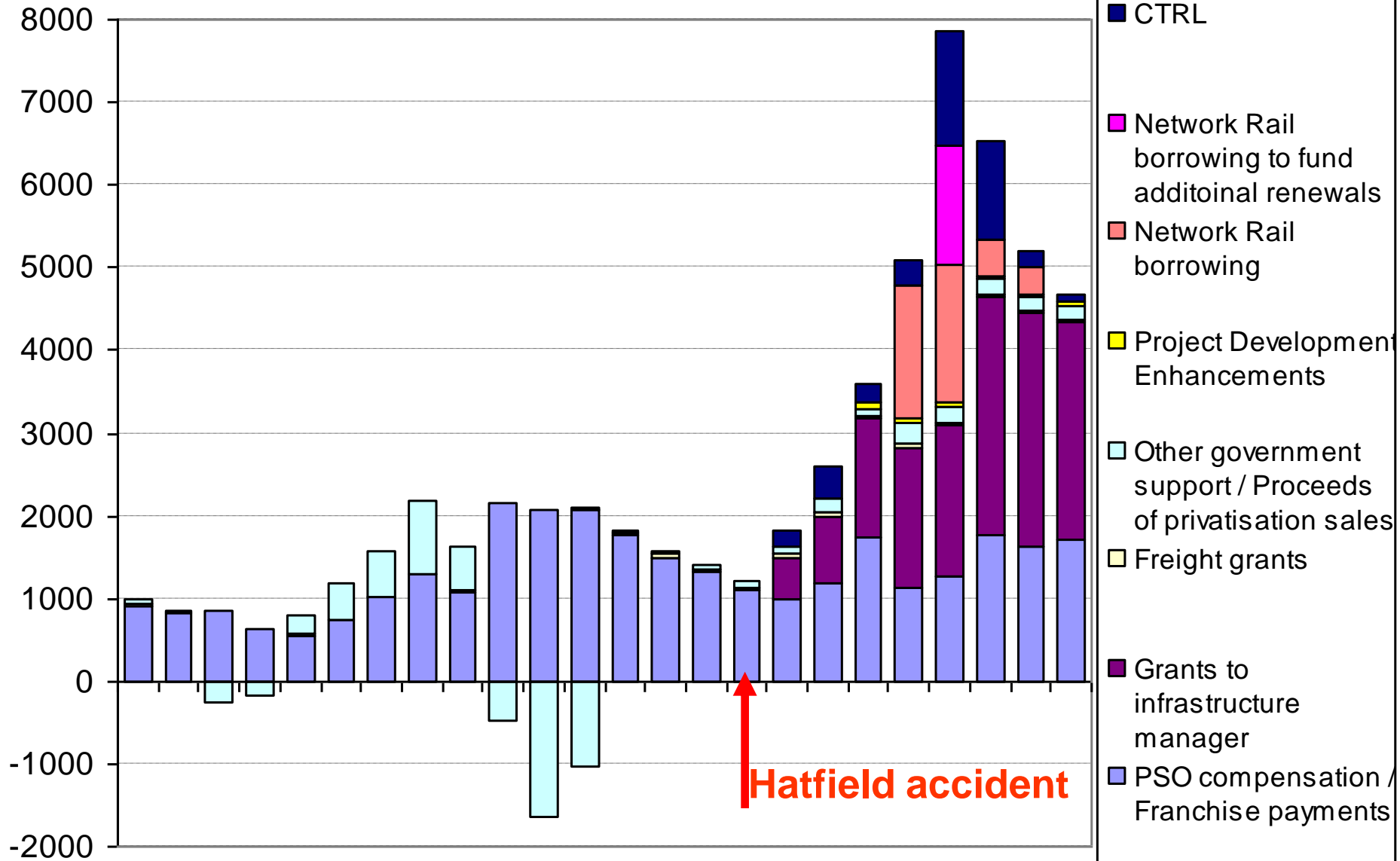


Access Charges For Typical High Speed Intercity Passenger Trains (Euros/Train-Km)



National Governments and Regulators have the Power

Support to Railways in Great Britain 1985-2008



Current EU Policy

- Open access required for:
 - International freight
 - National freight
 - International passenger trains
 - National passenger services – to be studied over next 5 years.....

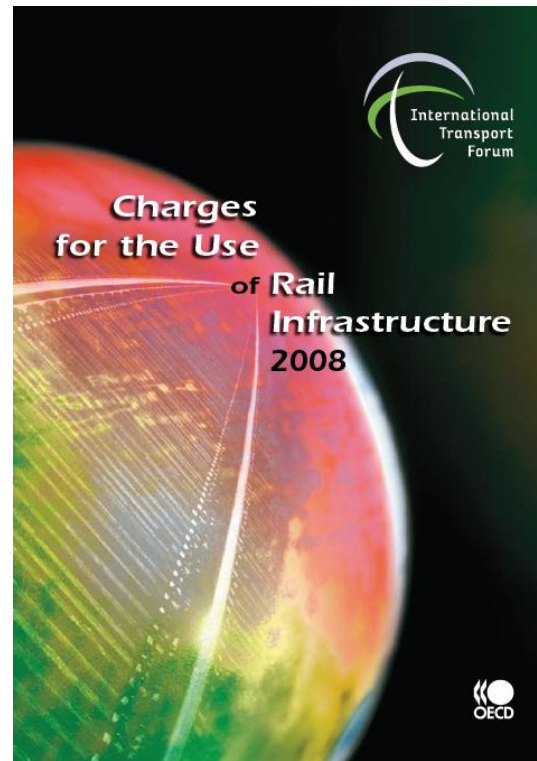
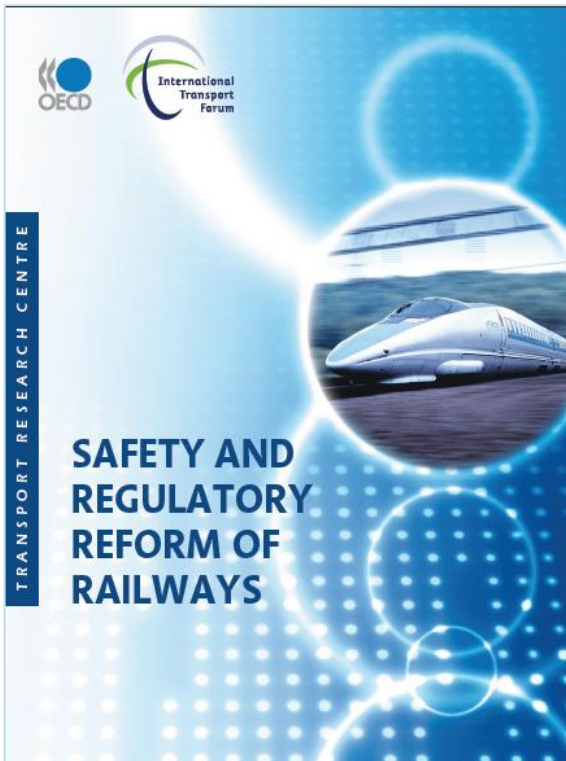
September 2010

- Regulation on “Rail Network for Competitive Freight”
- Proposal to replace 3 infra packages with a consolidated text
 - More precise infra charge rules to end freight to pass “cross-subsidy” in CEES
 - More attention to access to essential facilities
- Full separation still not required

Sources:

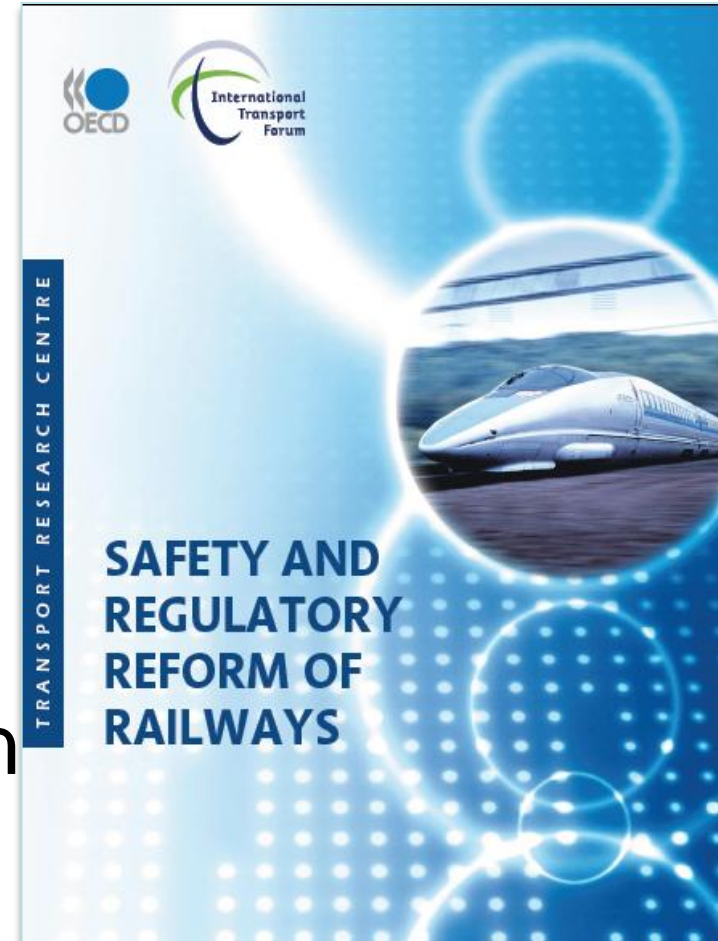
www.internationaltransportforum.org

Research/infrastructure & /discussion papers



Safety

- Report by Andrew Evans, Imperial College
- Japan, UK, EU25, USA, Canada, Australia
- All central/federal regulation except Australia



Organisation of Safety Mgmt

- Co-regulation the norm:
 - Lead industry body (often infrastructure)
 - Regulator (inspects quality of SMSs)
 - Accident Investigation
- Cascade of responsibility
- At the margin higher rail safety investment than on roads, few cost-benefit appraisals
- Integrated or separate from economic regulation?

EU: Safety and Interoperability

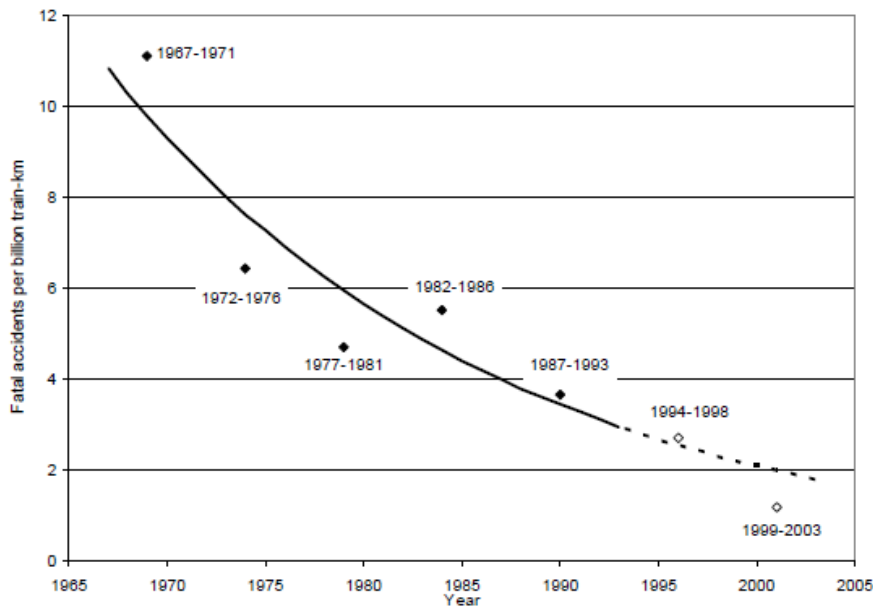
- European Rail Agency responsible for interoperability
- and studies safety – review of SMSs by Andrew Evans
- EU funds for rail investment conditional on installing ETCS for safety
 - Political forcing of interoperability, immature technology, cost overruns

Conclusions

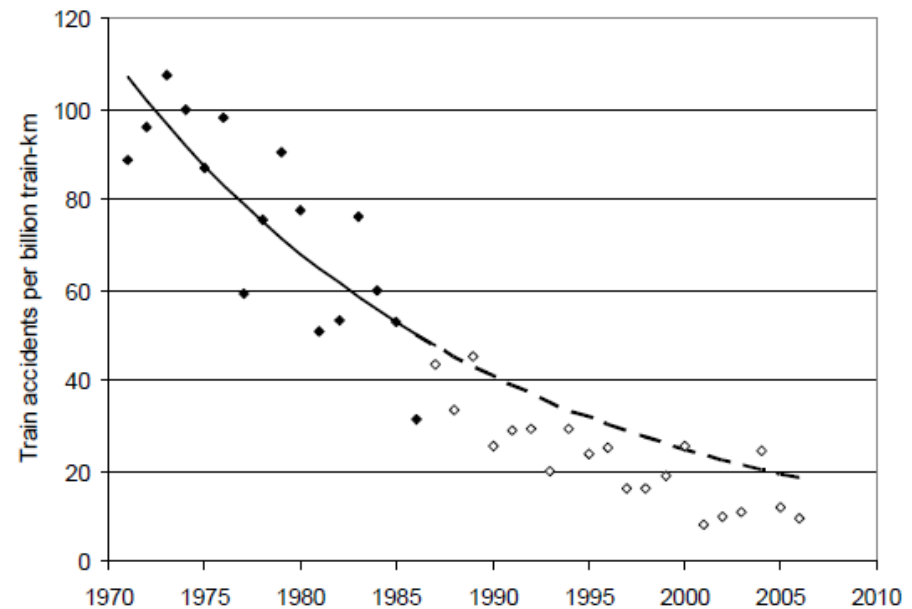
- The available data are not sufficient to allow empirical conclusions in favour of one arrangement over another.
- However, it is clear that restructuring has led to a need to substantially strengthen the public safety regulator
- Even though the railways have generally been getting safer.

Accidents per Train KM

Fatal accidents UK

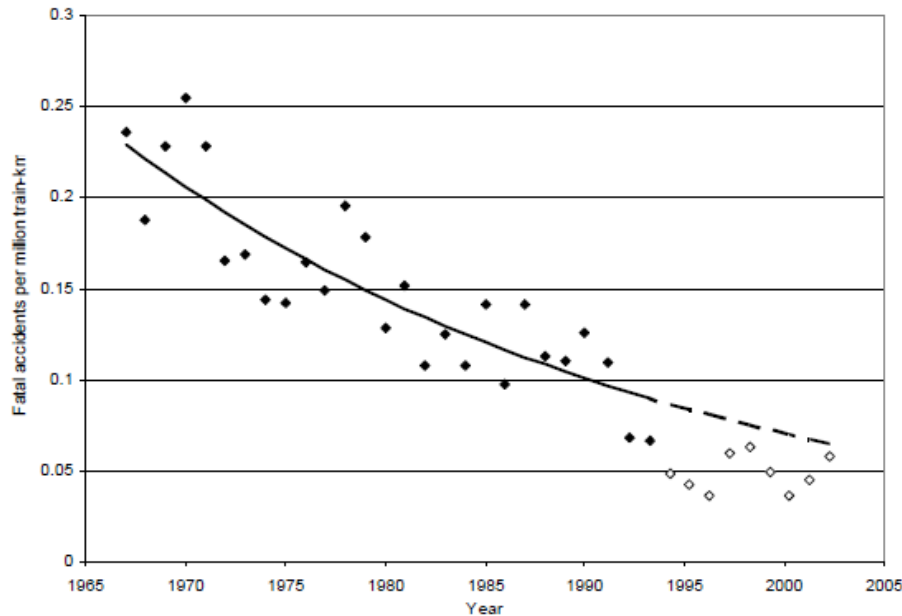


Accidents Japan



UK Fatalities 1967-2003

Per Train KM



Per Accident

