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STUDY OF THE SITUATION OF THE RAILWAYS IN THE MEMBER COUNTRIES

Addendum 1

Transmitted by the Governments of Portugal and Switzerland

I. STUDY OF THE SITUATION OF THE RAILWAYS IN THE MEMBER COUNTRIES

(i) The development perspectives of both passenger and freight traffic by rail transport

PORTUGAL

Studies are in progress to update existing data on developments in international traffic.

SWITZERLAND

The study by the Saint Gall Centre for prospective research, to clarify traffic forecasts up to 2010, is being revised and updated (up to 2015). The new perspectives for passenger and goods traffic will be available by summer 1994.

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(ii) <u>Policy measures undertaken by the Governments concerning the relation between the State and the railways</u>

SWITZERLAND

In 1992, the Confederation contributed approximately 2 billion francs to the Federal Railways (CFF). Unless a vigorous reform is undertaken the CFF's level of indebtedness will be 30-32 billion francs by the year 2000.

On the basis of this observation Mr. Adolf Ogi, Head of the Federal Department of Transport, Communications and Energy (DFTCE), has requested a study group to propose guidelines to change the trend of this development. This study has given the following main results:

(a) In future, transport policy should permit a more successful application of market economy principles, whereby each transport mode must be responsible for all the costs it generates, including external costs;

(b) The CFF should concentrate on the lines and tasks to which it is best suited. For this purpose, it is suggested that:

The scope of activities of concessionary transport companies should be extended by further involving the cantons and third parties, which provide the demand and funding for transport services;

The sectors of goods traffic which do not cover their costs should be reviewed so as to concentrate on competitive services;

Activities which could be effected with a better quality-price ratio should be handed over to specialized enterprises, without relinquishing the specific know-how of the CFF;

(c) The CFF should take more account of its customers' needs. This presupposes the reform of the company and at the same time new financial bases. The study group specifically recommends that:

The CFF should be transformed, as a first step, into a more streamlined and efficient federal company, enjoying more extensive freedom of commercial action;

As a second step, preparations could be made to set up a private law holding company;

For accounting purposes, a separation should be established between railway infrastructure and operations and a charge introduced for the use of infrastructures, the costs of which are partially covered by the Confederation;

A single refinancing of the CFF should be undertaken by the Confederation along with a new form of infrastructure financing.

(d) There should be a clearer distinction between the prerogatives of the Government policy and of the company. The CFF should concentrate on the specific aspects of management. The Confederation should devote itself to establishing the necessary political framework.

These proposals will be submitted to the Swiss Parliament. The options selected will provide a basis for the preparation of new guidelines for the relations between the Confederation and the CFF. We shall inform the Economic Commission for Europe as soon as new developments occur.

(iii) Investments in the railway sector

PORTUGAL

Investments in sections of line which are part of the AGC network, for the period 1994-1999 are the following, at 1993 prices:

Lisbon-Porto	165 billion Escudos
Pampilhosa-Vilar Formoso	13 billion Escudos
Entroncamento-Marvão	3 billion Escudos.

SWITZERLAND

The general trend of investments in infrastructure for the CFF and the concessionary railways showed a progression in real terms between 1984 and 1991. In nominal terms, total growth was approximately 80% although between 1991 and 1992 there was a drop in real terms.

(iv) Issues related to the organization of the railway sector, etc.

PORTUGAL

Following the publication of Directive 91/440/EEC, adjustments were made in the organizational structure. Transport and infrastructure management were separated and two General-Directorates were set up.

SWITZERLAND

See the reply concerning (ii) above.

II. PRODUCTIVITY IN RAIL TRANSPORT

(i) The concept of productivity in rail transport applied, outlining the elements related thereto

SWITZERLAND

The concepts used in Switzerland to measure productivity applied to rail transport are operational productivity (train kms per hour of work), traffic productivity (passenger/kms and tonne-kms per hour of work) and degree of use (p/km and t/km per train/km).

The static indicator of staff per km operated gives one of the highest figures in western Europe and reflects the intensive use made of the Swiss railway network.

(ii) Measures as to how to increase productivity in rail transport

PORTUGAL

A series of activities to increase productivity is in progress, namely:

A policy to redeploy staff and reduce numbers by creating conditions to encourage early retirement;

An investment policy aimed more particularly at the use of new technologies;

The rationalization of the supply of services.

SWITZERLAND

In order to increase productivity on the railways, the CFF intends:

In passenger traffic, to optimize supply (for example, by reducing services during periods when traffic is light and introducing bus services) and to cut costs (for example, by operating some trains without crews);

In goods traffic, to improve the movement of single full wagon loads (for example, by concentrating the service grid and reviewing the offer).

(iii) The expected evolution of rail productivity in future

SWITZERLAND

The measures planned by the CFF and, more generally, the objectives recommended by the study group, such as the re-sizing of supply and the streamlining of the production apparatus, are intended to improve performance and productivity. The contracting out of operations previously performed by the company will immediately increase apparent productivity at the core of the company, but will also produce lasting effects in the longer term.
