EIM’s perspective on RailCalc’s Discussion Paper
European Rail Infrastructure Managers (EIM)

• Created in April 2002.
• 11 members: Finland, Sweden, Norway, Denmark, the Netherlands, Belgium, Italy, the UK, France, Portugal, Spain
• 52% of EU25 lines
• 58% of EU25 rail passengers
• 17% of EU25 rail freight
• Social dimension: direct and indirect employment of over 300,000.
• Total investments of 14.5bn
Presentation overview

1. A complex issue
2. Positive aspects of the discussion paper
3. Clarifications expected
4. Remaining problems
5. Conclusion & reminders
1. A complex issue
2. Positive aspects of the discussion paper
3. Clarifications expected
4. Remaining problems
5. Conclusion & reminders
TRANSPORT POLICY: Modal balance + trade-off between user and tax-payer

Level playing field
Efficient use of the network
Corridor Approach

State
EU
Local Authorities / Passenger Transport Executive

TEN’s
PPP’s
Fees
RU’s

Operation
Maintenance
Renewal
Enhancement
Administrative costs

IM Remit:
Cost efficiency
Optimum use

Debt

TRANSPORT MARKETS
Competing operators
A broad range of national situations

Infrastructure charges per train kilometer

Cost recovery

Source: ECMT 2006
Finished projects:
- INFRAS/IWW: External costs / Internalisation
- UNITE: [http://www.its.leeds.ac.uk/projects/unite](http://www.its.leeds.ac.uk/projects/unite): Marginal Costs
- Concerted Action on Transport Pricing Research Integration (CAPRI): [http://www.its.leeds.ac.uk/projects/capri](http://www.its.leeds.ac.uk/projects/capri)
- HEATCO: Developing Harmonised European Approaches for Transport Costing and Project Assessment: [http://heatco.ier.uni-stuttgart.de](http://heatco.ier.uni-stuttgart.de)
- Infra Charges for High Performance Passenger Services in Europe (UIC, May 2007)
- ECMT: Rail access charges
- GRACE: Generalisation of Research on Accounts and Cost Estimation

Ongoing:
- Methodologies for external cost estimates and internalisation scenarios (CE Delft): [http://www.ce.nl/redirect/Workshop_IECT_index.htm](http://www.ce.nl/redirect/Workshop_IECT_index.htm)
- DIFFERENT: User Reaction and Efficient DIFFERENTiation of Charges and Tolls: [http://www.different-project.eu](http://www.different-project.eu)
- RailCalc: Rail Charging and accounting
Presentation overview

1. A complex issue

2. Positive aspects of the discussion paper

3. Clarifications expected

4. Remaining problems

5. Conclusion & reminders
RailCalc study: an ambitious agenda?


• Analyse the way in which infrastructure charges and mark-ups in the Member States are calculated, and harmonise the accounting practices in this domain.

• Tools:
  – Questionnaires, interviews
  – Workshop
Existing merits of RailCalc

- Valuable data collection and benchmarking

- It triggers useful debates on
  - accounting methods
  - Definition of mark ups, scarcity charges...

- It proposes business oriented approach (auctioning, WTP...)

- It confirms the important role to be played by the regulatory body

- It does not advocate a change of legislation
Presentation overview

1. A complex issue
2. Positive aspects of the discussion paper
3. Clarifications expected
4. Remaining problems
5. Conclusion & reminders
Basic concepts

• What does ABC entail exactly?

• Willingness to pay

• Does SRMC remain the reference?

• What are the costs of ABC:
  – New clustering of activities
  – Accounting adaptation
  – AB management processes
  – New perspectives on the business
Clustering

• Activities
  – Cost centres
    • Track sections
      – Maintenance

  • Track sections
    – Group of services
      • Cost Driver
        – Unit price
Objectives

- Harmonisation?
- Link with external costs?
- Recast of the 1st Railway Package?
- Multi annual contracts?
1. A complex issue

2. Positive aspects of the discussion paper

3. Clarifications expected

4. Remaining problems

5. Conclusion & reminders
Challengeable evaluation instruments

Does your entity recover mark ups through any of the following charging concepts?

Access to the railway infrastructure
Other information required to
Use of electric supply equipment for traction
Refuelling facilities
Freight terminals
Passenger stations
Train formation facilities
Maintenance and other technical
Others

RFF
NR
NR
RV
JBV
BV
RV
RB
BV
BV

EIM
Proportions and intermodal competition
Auctioning

- Strategic reasoning among players
- Discrimination of small players
- Compatibility with article 8§1 of directive 2001/14
- Why limit pricing to factor 2 at peak hours?
- Price fluctuation
Presentation overview

1. A complex issue
2. Positive aspects of the discussion paper
3. Clarifications expected
4. Remaining problems
5. Conclusion & reminders
Improvements are required

• Need to get deeper analysis in order to formulate best practice proposals

• Need for clarification on the final objective of the study

• ABC costing or AB Management may be recommended but not imposed
Important reminders 1

- Setting charges involves inter-actions between economics & politics

- POLLUTER PAYS: Intermodal competition remains a major concern

- USER PAYS AT LEAST SMC

- Useful to study charges along corridors and
  - check levelling of freight charges to EU 27 average
  - Negotiate mark-ups on freight trains on international corridors
Important reminders 2

- NO OVER-REGULATION: Current EU legislation is adequate but clearer evidence on best practice is still needed

- Improved cost-reflectivity requires sophisticated modeling

- Importance of transparency, predictability and simplicity
Thank you for your attention

www.eimrail.org