

# Performance in Railways

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# Swedish Transport Agency's role

- Established in January, 2009
- Regulatory body for all modes of transport in Sweden
  - Regulations
  - Permits
  - Supervision
  - Statistics of accidents
  - Registers
- 1 600 employees (60-70 specifically in railway)
- A strong orientation in the organisation on regulating safety, which comes from a history of being a safety inspection authority, but market regulation is in our government instruction

# What is performance in railways?

- *Performance* has a variety of meanings depending on the perspective one takes, which can be linked to the complexity of the market
- Impossible to cover the complete picture, but rather raise some points to discuss and consider
- Smith and Nash (2007, Handbook of Transport Modelling, 2nd Ed.) '*Modelling Performance: Rail*'
  - Multiplicity of outputs
  - Complexity of the production process
  - Differences in environment (organisational/physical)
- They discuss operation performance in broad terms and show how this can be measured and modelled

# What is performance in railways?

- Typically, we need estimates of input (costs, wages) and outputs (train-km's, tonne-km's) as well as control variables over time to make this analysis
- The level of detail is important for us to do in-depth comparisons
  - Infrastructure managers (within and between)
  - Railway undertakings (within and between)

# What is performance in railways?

- From a passenger and freight client perspective, there are other characteristics that we need to have in mind
  - Information availability (trip/service alternatives and prices)
  - Ticketing/Payment system
  - Trip and transport execution
  - Compensation in case of “bad performance”
- An important question is how we can link the “market performance” down to individuals’ perception of performance and satisfaction
- Is it sufficient enough to look at the efficiency of the market, infrastructure managers and railway undertakings for this?

# How can performance be achieved?

- Part of achievement lies within good regulation
- Good regulation means regulating not more or less than what is necessary to achieve the overall market objectives set by the government
- Good regulation is based on research and analysis
- Data collection is crucial for performance measurement and achievement!
- Much more can be done in this field, for example on
  - Efficient allocation of track capacity
  - Incentive schemes in train operations and maintenance

# (Does) market organisation matter?

- Most likely, but the important question is which market organisation that fulfils the policy objectives?
- I am not sure we have an answer to that question
- Sweden has a deregulated railway freight market with on-track competition since 1996
- Still, fifteen years later, the market is highly dominated by Green Cargo, the former incumbent
- Is this a sign of failure or a poor market?
- Impossible to say as no thorough analysis of the cause behind this dominance has been undertaken and what the alternative would be

# (Does) market organisation matter?

- Sweden has a deregulated railway passenger market with on-track competition since October 2010
- Some indications on new actors entering the market, when the incumbent's monopoly is removed
- Swedish Transport Administration (IM) are currently processing these applications
- We expect a larger number of conflicts between applicants, due to the administrative rules used in the process



# (Does) market organisation matter?

- The overall effect on the market is difficult to predict, but to do so will be a part of our work in the coming years
- The Swedish rail market is growing, but this can be both an effect of the good regulation in opening the market for competition or poor regulation in terms of too low access charges

Questions?