

**2nd European Rail Transport Regulation Forum**

# **Performance and Governance in Railway Markets**

Issues and introduction to the workshop

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# Introduction

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- Third event after ...
  - First ERailTRF, 9 April 2010
  - Workshop on “Aims, the models, and the powers of rail regulation”, 15 November 2010
- Today: performance in railways and its relationship with market organization
- Three main questions ...
  - What is performance in railways?
  - How can it be achieved?
  - Does market organization matter? ... and especially how?
- As always, a multi-stakeholder dialogue with ...
  - railway regulators
  - regulated companies (transport operators and infrastructure managers)
  - an authority in charge of procuring rail services
  - representatives of the European Commission

# Importance of the topic

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- Performance is becoming increasingly important ...
  - because governments link their increasingly scarce financial resources to performance (pressures on the historical operator, competitive tendering), and
  - because competition is offering choices to consumers (open access)
- However, measuring performance from these two perspectives – i.e., government and consumer expectations – is a relatively new thing for railways
- This is even more complicated as we are moving towards an ever more fragmented railway system, where nobody, alone, can be responsible for performance

# Importance of the topic II

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- According to economic theory, the market will, almost miraculously, lead to better performance, at least when it comes to short-term economic performance (allocative efficiency)
- However, the market in the railway sector today is basically limited to “regulated competition”
- Moreover, performance in the railway sector, is a complicated matter: allocative efficiency is not all the performance there is in railways : other performance measures pertain to ...
  - dynamic performance
  - social performance
  - operational performance
  - technical performance
  - environmental performance

# Importance of the topic III

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- At least for allocative efficiency, and probably for all other performance objectives, market organization almost certainly matters
- At least the four following dimensions seem to matter:
  - existence/absence of a monopoly
  - type of unbundling (or not)
  - access to essential facilities, especially stations
  - the nature and powers of regulation (as discussed in our last workshop)
- But what exactly matters, how it matters, and how all this affects railway system performance is the topic of this workshop

# Structure of the day

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- We have an impressive set of speakers from ...
  - the EC (Jost)
  - CER (Christie)
  - EPTO (Möllmann)
  - EIM (Malheiro)
  - Academia (Nilsson, Smith)
  - procuring authority (Bundgaard, DK)
  - regulators (MacMahon, ORR; Andersson, S)
  - operators (Miram, DB; Elzinga, NS; Messulam, SNCF; Kern, SBB)
- Equally impressive participants who, I hope, will actively participate in our discussions
- And some PhD students who will present their work during the Graduate Transport Regulation seminar of tomorrow and after tomorrow

9.20-10.00	<p><b>What is performance in railways? How can it be achieved? (How) does market organization matter?</b></p> <p>Speaker:</p> <ul style="list-style-type: none"> <li>• <b>Frank Jost, EC DG MOVE, Unit D2 - Rail Transport and Interoperability</b></li> </ul>
10.00-11.00	<p><b>What is performance in railways? How can it be achieved? (How) does market organization matter? The view of the operators</b></p> <p>Speakers:</p> <ul style="list-style-type: none"> <li>• <b>Edward Christie, Economic Adviser, CER (Community of European Railways and Infrastructure Companies)</b></li> <li>• <b>Jan Möllmann, Secretary General, EPTO (European Passenger Transport Operators)</b></li> </ul>
11.00-11.20	<i>Coffee break</i>
11.20-11.50	<p><b>What is performance in railways? How can it be achieved? (How) does market organization matter?</b></p> <p>Speaker:</p> <ul style="list-style-type: none"> <li>• <b>Ana Malheiro, Manager of Legal and Regulatory Affairs, EIM (European Rail Infrastructure Managers)</b></li> </ul>
11.50-12.15	<p><b>Comparing three models for introduction of competition into railways - is a Big Wolf so Bad after all?</b></p> <p>A presentation by <b>Chris Nash</b> (ITS Leeds, United Kingdom), <b>Jan-Eric Nilsson</b> (VTI, Sweden), and <b>Heike Link</b> (DIW, Germany)</p> <p>Speaker:</p> <ul style="list-style-type: none"> <li>• <b>Jan-Eric Nilsson, Professor, VTI, Sweden</b></li> </ul>
12.15-12.40	<p><b>Measuring the Success of Rail Reforms</b></p> <p>A presentation by <b>Andrew Smith</b> (ITS Leeds, United Kingdom) and <b>Jan-Eric Nilsson</b> (VTI, Sweden)</p> <p>Speaker:</p> <ul style="list-style-type: none"> <li>• <b>Andrew Smith, Senior Lecturer, ITS and Leeds University Business School, UK</b></li> </ul>

13.40-14.05	<p><b>What is performance in railways? How can it be achieved? (How) does market organization matter?</b></p> <p><b>The view of a procuring authority</b></p> <p>Speaker:</p> <ul style="list-style-type: none"> <li>• <b>Nicolai Bundgaard, Contract manager, Trafikstyrelsen, Denmark</b></li> </ul>
14.05-14.55	<p><b>What is performance in railways? How can it be achieved? (How) does market organization matter?</b></p> <p><b>The view of the regulators</b></p> <p>Speakers:</p> <ul style="list-style-type: none"> <li>• <b>Paul McMahon, Deputy Director, Market and Economics, Office of Rail Regulation, UK</b></li> <li>• <b>Mats Andersson, Chief of Staff, Road and Rail Division, Transportstyrelsen, Sweden</b></li> </ul>
14.55-15.45	<p><b>What is performance in railways? How can it be achieved? (How) does market organization matter?</b></p> <p><b>The view of the operators</b></p> <p>Speakers:</p> <ul style="list-style-type: none"> <li>• <b>Frank Miram, Head of Regulatory Affairs, Deutsche Bahn, Germany</b></li> <li>• <b>Renée Elzinga, Head of Unit, Regulatory Affairs &amp; Compliance, Nederlandse Spoorwegen, The Netherlands</b></li> </ul>
15.45-16.05	<i>Coffee break</i>
16.05-16.55	<p><b>What is performance in railways? How can it be achieved? (How) does market organization matter?</b></p> <p><b>The view of the operators</b></p> <p>Speakers:</p> <ul style="list-style-type: none"> <li>• <b>Pierre Messulam, Director of Railway Strategy and Regulatory Affairs, SNCF, France</b></li> <li>• <b>Marcus Kern, Regulatory and International Affairs, SBB-CFF-FFS, Switzerland</b></li> </ul>
16.55-17.30	<p><b>Summary and closure</b></p> <ul style="list-style-type: none"> <li>• <b>Matthias Finger, FSR-T and EPFL</b></li> </ul>