Rail transport has experienced a revival over recent years. The principal players involved (national governments, local transport authorities, operating companies, travellers) are adapting to this change and the opportunities it offers. Regional railways have fully shared in this renaissance.

Introduction

In this situation, many transport authorities are becoming increasingly impatient with the cost and/or the standard of service they are offered. A proactive attitude has therefore become essential on the part of the operating companies if they wish to continue providing their services in the future. The overall objective should be to generate more traffic with the maximum quality at the lowest cost and at an affordable price for the customer.

The European context

Since 1991, the European institutions have had an increasing influence on the regulation of the rail sector. This unstoppable phenomenon is mainly focused in the sphere of liberalising a sector heavily controlled by the member states. The cornerstone of this legislation is Directive 91/440, which requires the separation of the management of the infrastructure from the running of trains (passenger and/or goods).

Other measures to facilitate the opening up of the railways to competition include the Railway Packages 1 (adopted in March 2001) and 2 (due to be adopted shortly). These address in particular the requirement for interoperability on much of the EU’s rail system, the establishment of a common approach to safety, and the creation of a European Railway Agency. While these measures are primarily focused on high speed/international passenger and freight transport, they will in effect create the ground rules for the liberalisation of rail transport more generally, including regional railways. The application of the key piece of legislation, requiring the separation of operations and infrastructure is applicable to almost all rail services, although urban and regional rail services may be exempted at the discretion of member states. Meanwhile a more general piece of legislation, the Regulation on Public Service Requirements in passenger transport, would, in its present draft form, require the opening up of almost all passenger transport services to competition, although urban rail services may be exempted in certain circumstances. In its present wording, main-line rail services, including regional railways, could only be exempted on strict safety standards grounds.
As has occurred in many other areas of European legislation, the transposition of EU directives affecting rail transport into the respective national law has showed wide differences both in the criteria used and in time taken. At one extreme we have the case of the United Kingdom, where the management of the infrastructures is fully separated from railway operation under a system of competitive tendering of operations. At the other we can see that in Spain, Austria or Belgium a single company belonging to the State continues administering the infrastructures and operating practically the entire network.

In the particular case of regional railways, the discretion allowed to member states in e.g. the separation of infrastructure and operations under directive 91/440 has created greater flexibility but also led to additional confusion.

The situation of the regional railways

In recent years, many regional railway companies have experienced a strong growth, basically as a result of a combination of three factors:

- significant improvements in the quality of the service
- decisive support from authorities in favour of public transport, and of railways in particular
- Increasing levels of road congestion in major regional conurbations

On this issue, the most noticeable improvements have taken place in those countries where the political/administrative responsibility lies with the regions, which have used regional railways as an instrument for sustainable development and improvement in the public’s quality of life. The growing tendency to transfer responsibility to the regions has therefore helped to encourage the development of regional railways.1

This improvement has not only been experienced qualitatively (users’ satisfaction) but also quantitatively (increase in passenger traffic, decrease of road congestion...).

We therefore consider that it is of fundamental importance that these improvements will continue to be perpetrated in the future, at least sufficiently to overcome the current threats and weaknesses and ultimately enable the strengths of the regional railways to mature fully.

Strengths

The existence of regional railway systems enables customer expectations and needs to be fulfilled more efficiently than by large centralised national railways through:

• Greater flexibility to adapt the services to the real needs of users
• Greater knowledge of the local peculiarities through contacts (formal or otherwise) with local authorities, users’ groups...
• Greater efficiency through medium-sized organisations (operational units)
• Staff identification and motivation

Weaknesses/threats

Apart from the cases where the liberalisation process of rail transport appears inadequate -in particular when in large conurbations there is an intimate organisational and operational integration of the regional railway services with the other urban public transport services- our Committee’s opinion is that exclusion from the liberalisation process can be considered as one of the main threats for regional railways. Moreover, if the reciprocity principle was to be implemented in the coming EU legislation, this exclusion from the liberalisation process could in particular result in many restrictions on regional railways’ possibilities for future expansion.

The new possibilities for regional railways

In order to take a significant step forward, regional railway services must be improved in three main areas2, which may be simultaneous or phased, according to the local situation and/or the real needs of their current and potential clients.

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1 Regionalisation is however not necessarily essential to the opening up and development of regional rail services. The privatisation of railways in the UK, where the English regions have no power over transport, has seen the creation of regional operators.

2 It should be noted that almost all the improvements listed depend as much or more on the actions of transport authorities as on regional railway operators themselves.
a) Strengthening of the current services:  
Priority must be given to this aspect – as is already being done in many regions focusing on the following qualities:

- Greater frequency and better-organised timetables (and especially development of “clock-faced” trains)
- Extension of early and late service
- Inclusion of fast trains in rush hours
- Improvement of intangible qualities of the service: information, cleaning, safety etc.
- Improvement of commercial speed
- Adaptation for people with reduced mobility
- Improvement in communication and marketing of the companies
- Improvement in passenger information
- Integrated, automated fares systems
- Improvement of co-ordination with other (rail or road based) public transport services (“rendez-vous”).

b) Territorial extent of the services  
In many cases, the natural catchment areas or physical networks for regional transport services do not coincide with administrative territories. The regionalisation of the railways, understood as the regional governments / authorities taking on the responsibilities for defining and funding regional railway services, may in certain cases have the undesired effect of fragmenting services. Mechanisms must therefore be found to overcome such “frontiers”, where real mobility patterns or the structure of the network demand this, in order to avoid conflict with the main objective of regionalisation, which is providing services to meet the mobility needs of the territory as well as possible.

c) Extension of services over new infrastructures  
In recent years we have seen a considerable increase in the construction of new railway infrastructures (high-speed lines, rail line rings...). These are normally designed for state-wide and/or international networks but may have spare capacity to allow the operation of new regional services or extensions of current services, thus increasing the attractiveness of the regional network.

These improvements primarily depend on the decisions of regional authorities in terms of specifying the network of services, and their level and quality, and in addressing boundary problems and seeking co-operation with neighbouring authorities. (It should be noted that one advantage of national railways is that they largely overcome such boundary problems.)
The ability of local authorities to deliver improved services, however, will depend on the cost and quality delivered by the operators of regional rail services. This is likely to be facilitated if the authority has the ability to choose between different operators, and can avoid becoming captive to any single operator in the longer term.

The opening up of the market to this end depends on a number of factors:

- There must be no insuperable obstacles in the way of operators who wish to enter the market.
- At present, while operating licences can be obtained without undue difficulty, obtaining a safety certificate is so costly as being next to impossible for a regional operator. It is considered that the demands being made in safety terms might be quite disproportionate, and interpreted in a discriminatory manner.
- The failure/delay in transposing EU directives (in particular 91/440, requiring separation of infrastructure and operations) into national laws and, where the regions are responsible, to regional laws.
- In some cases the operators/managers of the current infrastructures may abuse their dominant position of power to restrict or prevent access by third parties.
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- A further obstacle is the heavy investment, which may be required of the operator in particular for rolling stock. This obstacle becomes all the more serious where there is perceived to be a risk of discrimination. This factor could however be offset by new methods for material acquisition (such as leasing) or ownership.

In any case, it seems clear that the current national/regional/suburban-inner city classification is not an efficient way to establish boundaries for applying directives, considering the different circumstances of each network.

**Recommendations**

The EU institutions largely share the view of this paper and tend to favour market opening in the railways sector. The following recommendations are therefore mainly directed at Member States, which are invited to implement the following:

- European legislation and its transposition to national/regional laws must aim to achieve the maximum degree of market opening as possible, while existing law must be enforced and all discrimination in favour of national railways avoided.

- In particular, regional railway systems must not be excluded from the liberalisation process, and regional railway operators must therefore be able to compete under equal conditions.

- Complete or partial exclusion from the liberalising directives can only be based on operational, technical and/or economical criteria (not on the public/private operator status), such as:
  - Saturated networks with no spare capacity (similar to the case of metros);
  - Innovative services using two or more types of infrastructure under different authorities and subject to different regulations (e.g. tram-train projects);
  - Networks making heavy losses, which are only maintained for the sake of public service interest;
  - Small networks where it is inefficient to separate the operating from the infrastructure management;
  - In large conurbations with intimate organisational and operational integration of the regional/suburban railway services and the other urban public transport services;
  - Or on the exceptions (article 7) foreseen by the general regime of the draft EC regulation in discussion (public service requirements for transport provisions by road, rail and waterways).

- Regulators and infrastructure managers must be genuinely independent from the national railways in order to avoid discriminatory treatment.

- Beyond the directives (in this sense, the 2001/13/EC amending Council Directive 95/18/EC on the licensing of railway undertakings is considered key), political decisions must be taken that do not lose sight of the objective, which must be more traffic with the maximum quality at the lowest cost and at an affordable price for the customer. In this respect, there must be an influence both in terms of overcoming inappropriate legislative and administrative barriers and in an increase of the investment to improve the quantity and quality of the service.

3 In such cases it may be feasible to tender the whole system, infrastructure and operation together. (Example – the isle of wight in the UK).

4 Note that for regional railways the only exception allowed so far is 7(1) - if national or international rail safety standards could not be met in any other way. It seems unlikely that this could be applied to many regional railways.