

## Target of the argumentarium

Based on experiences in European countries, where the liberalisation process is already advanced, the present argumentarium investigates the question as to which extent the savings forecast by the European Commission are realistic or whether there might be a chance that the overall costs, due to long-term undesirable economic developments, could rise. Hence, the key objective of this argumentarium is to put into perspective the claim that liberalisation would lead to savings, given the fact that this would probably incur additional costs for the Austrian economy.

## 4.2 Economic effects of liberalisation on Railway operators

### Effects on the rail system and the economic location

In 2013, the Federation is spending about 592 million Euros for public services provided by Austrian Federal Railways ÖBB. Added to this are services, which states and municipalities order from the ÖBB as well as public services, provided by various private railways. In 2011, for example, a total of 812.5 million Euros, i.e. about 46 percent of the sales revenues of ÖBB-Personenverkehr AG, was generated as a result of fulfilling public contracts. These figures do not only explain the significance of Public Services Contracts for all Austrian rail operators, but also illustrate the risk for these operators, if a ban on the direct awarding of contracts should materialize.

An enterprise, such as the ÖBB is in no position to downsize its company arbitrarily. A corporation requires a certain size in order to achieve synergy effects. Thus, with regard to competitive tendering the ÖBB would have to try to gain as many contracts as possible in order to maintain its size and its business model, even to the extent to make “under-priced” offers in order to be successful.

In 2003, a similar situation in Sweden proved to be very expensive: the insolvency of the national operator Statens Järnvägar (SJ) could only be avoided by high state subsidies (almost 200 Million Euros).

Apart from that, mandatory competitive tendering would mean that the public sector would lose steering competencies as the state would be forced to tender lines, which so far were serviced by using national rail operators - this in turn would mean a weakening of national wealth.

A ban of the currently possible freedom of responsible authorities to choose between awarding contracts directly and competitive tendering in respect of rail transport would confront many Austrian railway operators, but also tendering bodies with great difficulties.

The complete liberalisation (Open Access) of the SPV would also mean that offers will only be made where profits are guaranteed. New providers will restrict themselves to profit-making routes (example WESTbahn). At best, this “cherry picking” will result in a journey on individual trains at certain times becoming actually cheaper. However, the tiny number of travellers benefiting from this has to be compared with the majority of daily commuters from peripheral regions: they suffer in particular in sparsely populated regions and in less active periods.

A Europe-wide study of the Community of European Railway and Infrastructure Companies CER from 2012 comes to the conclusion that the vertical separation of infrastructure operators and transport service providers in the European Union (EU) could lead to additional costs between 5.8 and 14.5 Billion Euros p.a. - depending on the increase of transport services in Europe. Estimates for Austria show that such a separation would incur additional costs between 420 Million Euros p.a. in case of unchanged transport services and up to a billion Euros if current transport services were increased by 50 percent.