

If one applies the cost-benefit analysis (CBA) to estimate how much regular train delays would cost the Austrian economy, a cumulated delay of 30 minutes per week per commuter would already arrive at an amount of about 70 Million Euros. Having 96.5 percent of its trains running on time, the ÖBB (by its own calculations) is currently the most punctual rail operator in the EU and the second most punctual in Europe (only Swiss Federal Railways SBB is by its own account even more punctual).

### **Effects on price level and pricing**

Another important point in the argumentation for the liberalisation of the rail sector is the alleged savings potential of up to 30 percent for the tendering bodies. Subsequently, these savings shall be passed on to rail passengers in form of lower rail fares.

However, studies in Great Britain and Sweden have shown that rail fares increased significantly after liberalisation.

The impact for Austria would be as follows: a fare increase by ten percent would, due to reduced consumption as a result, lessen the Austrian gross value added by almost 29 million Euros and put the existence of about 500 jobs in the economy at risk. A price increase by thirty percent would reduce the Austrian gross value added by almost 90 million Euros and put the existence of almost 1,500 jobs.

## **4.4 The motivation of the Fourth Railway Package**

### **Prioritizing rail transport is urgently needed ...**

The European transport system in its current form is not sustainable in the long term, in particular because of the negative effects of road transport. In view of the prognoses concerning the growth of transport services in the EU until 2050, it becomes clear that the distribution of transport cannot continue on the same path. If nothing changes, our transport system will still depend to about 90 percent on oil in 2050 and compared to 1990, CO2 emissions will have trebled. The EU recognised this danger and outlined in its 2011 White Paper on Transport not only the concrete targets to shift transport services from road to rail, but also for the first time considered the external costs, which are the result of noise and air pollution caused by traffic.

### **... however, the motivation of the Fourth Railway Package is probably going into a different direction**

However, the Fourth Railway Package does not even mention this conscious prioritization of rail transport. In fact, the argumentarium suggests that the decision for or against the Fourth Railway Package would not be purely economic (let alone ecological), but rather ideological.

The savings targets of up to 30 percent, the increase in the number of passengers as well as the improvement of the service quality, which the European Commission claims would happen, appear to be unrealistic. On the contrary, all the transport systems in Great Britain and Sweden experienced price increases. What is probably behind the thinking of the liberalisation supporters is abolishing the option to award contracts directly and thereby introducing the mandatory tendering for public services contracts in respect of rail passenger transport: Austrian railway operators, which according to the legislative proposals are not obliged to have rolling stock, apply for the licence to operate a certain route for a certain period. During this period, the enterprise, which is awarded the contract

(private or public), is acting as a monopolist. Even in Austria, which is a relatively small country, we are talking about an annual contract volume of almost a billion Euros - a volume, which multinational transport operators do not want to let slip through their fingers.

The ultimate question is who will benefit from the “Public Services Contract” subsidies and what will be the expense for the economy, employees and rail passengers?

### **Retaining the option of awarding contracts directly makes sense**

Overall, awarding contracts directly is a sensible legal instrument to award public transport services. The rail system in its entirety is too complex and the conditions in the individual countries are too different to find a single problem-solving approach for 25 very different countries (only Cyprus and Malta do not have a rail system) in Europe (EU27). Hence, the option to choose between competitive tendering and awarding contracts directly should definitely be retained for the responsible democratically legitimised regional administrative bodies.

However, the proposals of the European Commission on the Fourth Railway Package are heading in the opposite direction.