

Measure 13: Quality of international rail passenger services

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<p><i>Policy package:</i> 2D: Rail Safety, Quality and Environment</p>
<p><i>Measure 13:</i> Third railway package: Promoting measures to safeguard the quality of international rail passenger services and users' rights</p>
<p><i>What is the problem being addressed ?</i></p> <p>The White Paper 'European transport policy for 2010: time to decide' clearly states that one major objective and condition for achieving a sustainable transport system in Europe is to put the users of the transport system back at the heart of the transport policy, regardless the mode of transport.</p> <p>The Consumer Policy Strategy 2002 – 2006 (COM (2002) 208 final) recognised the need for better consumer protection for international rail passenger transport. This need is also underlined by the complaints sent to the Commission by European citizens concerning the inadequate quality of service provided by railways undertaking on international rail services, which relate to many different areas, such as insufficient provision of information on timetables, fares, delays and disruption of services; cleanliness of trains or inaccessible carriages or platforms for persons with reduced mobility (PRMs).</p> <p>In order to answer to these concerns, the Commission's proposal include provisions on fair terms and conditions of contracts and their transparency; consumer consultation; complaint handling and out-of-court dispute settlement, as well as compensation and assistance for delays, cancellations, missed connections and seat reservations not being honoured. Improved availability of information in electronic form on fares, tickets, timetables and services has been addressed as well.</p>
<p><i>Measure's costs and/or benefits:</i></p> <p>It is difficult to estimate the costs of implementing this measure at this stage. These costs will be supported by both rail undertakings and infrastructure managers and will cover the implementation of measures that will contribute to achieving a higher quality of the rail services. However, a study has been carried out mainly on the subject of compensation for delays (cfr. Landwell report: <i>Etude sur le systemes de penalites dans le domaine ferroviarie</i>, 14 February 2003). This study showed that the introduction of compensation schemes would only slightly raise costs for the railway undertakings: a rough estimate is that it represents less than 1% of their turnover for international transport.</p>
<p><i>Legislative implementation at the EU level:</i></p> <p>COM (2004) 143 final, Proposal for a Regulation of the European Parliament and of the Council on International Rail Passengers' Rights and Obligations. The Regulation shall enter into force 20 days after the date of publication. The Proposal specifies that the Commission shall report on the implementation and the results of the Regulation three years after its entry into force, especially on the service quality levels. The COM (2004) 143 final has been published on 03.03.2004. The proposed service quality standards are (Annex of the above Proposal):</p> <ul style="list-style-type: none">• Information and tickets.• Punctuality of international services, and general principles to cope with disruptions of services. Level of delays and number of missed connections shall be assessed.• Cancellations of international services. Number of cancellations shall be assessed.• Cleanliness of rolling stock and station facilities (air quality in carriages, hygiene of sanitary facilities, etc.).• Customer satisfaction survey.• Complaint handling, refunds and compensation for non-compliance with quality. Level of compensations supported by railway undertakings.

- Assistance provided to PRMs.

What are the objectives ?

Improvement of passengers' rights will be essential to promote rail transport and thus to contribute to the achievement of one of the main aims of the Common Transport Policy: consolidation and, if possible, strengthening of the modal share of rail transport (6,2%) at 1998 levels in 2010. This aim implies that passenger transport by rail has to increase considerably in absolute terms: from 287 bln passenger kilometres (pkm) in 1998 towards 327 bln. Pkm as predicted by the anticipated trend and even to 400 bln pkm in an optimistic scenario for rail transport. The latter means an increase of almost 40% of rail passenger transport, even though its modal share will only represent a modest 6,7%.

According to the OGM Study, the current contribution of international rail passenger services is currently limited to approximately 10% to 15% of the turnover of railways undertakings, but there is a huge potential of international passenger transport by rail since the number of foreign trips is expected to grow substantially as a result of the changing demographic structure of the European population: older people are more likely to travel by train as this is more comfortable and convenient than travel by car, coach or air. Thus, the measure can greatly contribute to unlocking such huge potential. Achieving a higher quality of rail services will make rail transport more competitive and this will make possible to shift travellers from road (on short distance) and air (long distance) to rail, while making also the high-speed rail and air transport more compatible with each other.

Interactions with other WP measures:

There is clearly a link with Measure 12 – Gradual opening-up of international passenger services, and all the measures putting the user in the centre of the common transport policy.

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Output indicators:

The output of the *Third railway package: Promoting measures to safeguard the quality of rail services and users' rights* measure can be monitored by assessing the following developments:

- Rules and measures for implementation set up by Member States (e.g. quality commitments introduced in service contracts);
- Progress of implementation at the level of rail undertakings and infrastructure managers.

As part of the introduction of contracts for provision of rail services a number of countries have incorporated or are incorporating various performance incentives as part of the contractual specification. This is often combined with financial penalties/rewards involved. The table provides an overview of performance incentives regarding passenger train operating companies for selected European countries. There is a substantial variation regarding choice of performance incentives for passenger rail transport operations in Europe.

Performance indicators and incentives used in PSO contracts for selected European countries

Country	Performance indicators	Incentives
Denmark	Punctuality levels per service category in the negotiated contracts. Customer satisfaction surveys (twice per year. Costs comparison per passenger km	Comparison of costs per passenger km. A reduced contract payment is initiated by DSB and accepted by MOT, as a result of positive development
Finland/ Helsinki	Requirement on quality and quantity Quantity: minimum level defined	Bonus/ malus system for punctuality and for quality of passenger services. Malus for cancelled services
Finland/ national	Quantity and quality requirements	Penalty for cancelled services. Revenues are based on fares
France/ national	Sufficient number of seats available	
France/ IDF	Customer service levels, regularity, cleanliness and information	Penalties in case production is not on agreed level; bonus and penalty system linked to service quality
Hungary	General PSO requirement	No specific incentives
Netherlands	In the view of the internal and external difficulties to meet the performance targets, NSR agreed to present a Service Improvement Plan to the MoT for formal approval once every 6 months	The Service Improvement Plan will be reviewed in 2005, before the definitive concession arrangement will be formalized for the primary rail network
Norway	Frequency per line during weekdays and weekends. Number of seats during peak hours. Punctuality targets	Net-cost compensation scheme (new performance contract to be concluded)
UK	Depending on contract between operator and authority. Minimum requirements: punctuality and reliability. Demand Limit (in fact minimum railway services) based on infra capacity etc. Minimum standards for stations (cleanliness, lighting etc.)	Depends on contract operator-authority. Financial penalties related to targets on queuing times at ticket offices, punctuality and reliability. Independent customer satisfaction surveys

Source: BOB (2003)

A particularly illustrative example (source SPECTRUM D3) is the service contract agreed in January 2002 between the Danish Ministry of Transport and Arriva concerning services in Jutland, awarded after the 1st competitive tendering in Denmark. It specifies how the payment to Arriva may be reduced or increased according to two factors:

- a weighted measure for the service regularity combining punctuality and reliability performance

- customer satisfaction recorded through customer surveys

A composite indicator for ARRIVA's punctuality (extent to which trains arrive on time, i.e. within 5 minutes) and reliability (extent to which planned train services are operated, i.e. not cancelled) performance has been specified. The indicator is roughly constructed by multiplying the percentage of trains arriving on time with the percentage of planned trains operated. A value of 100% would imply that all train services arrive on time and no services have been cancelled. The regulation of the contractual payment with respect to this indicator is as follows:

↔ If the indicator is less than 95% the payment is reduced by 2.5% of the total payment on a quarterly basis

↔ If the indicator is higher than 97% the payment is increased by 2.5% of the total payment on a quarterly basis

↔ No regulation of payment for values of the indicator below a minimum threshold

A similar principle is adopted for customer satisfaction. ARRIVA is obliged to arrange for customer satisfaction analyses twice a year. ARRIVA can undertake the analysis, but the analysis has to be monitored by an external party to ensure validity and quality. The following parameters are assessed through questionnaires on a scale from 1 to 5:

↔ Overall satisfaction with journey

↔ General satisfaction with the operator's service level

↔ Satisfaction with information given on-board

↔ Satisfaction with punctuality for the train used by the interviewee on the day of the questionnaire

↔ Satisfaction with the possibility to obtain a seat

↔ Satisfaction with the staff

↔ Satisfaction with the standard of the train, incl. cleanliness

↔ Satisfaction with journey time

The regulation of the contractual payment is then as follows:

	< 2,0	From 2,0 to 2,5	From 2,5 to 3,5	From 3,5 to 4,0	> 4,0
Change in % of ½ year's contractual payment	Reduction of 2,5%	Reduction of 1,5%	No change	Increase of 1,5%	Increase of 2,5%

Outcome indicators: intermediate impacts on transport markets

The choice of quality incentive regime induced by the Regulation can have substantial influence on the operating performance of the rail industry concerning the infrastructure management and rail service operations. This is illustrated in the case of the experience from Great Britain, discussed in SPECTRUM D3. Aggregated performance of the train operating companies did not change very much over the period following privatization of the British rail industry. Punctuality (the percentage of trains that run on time) increased slightly, whilst reliability (the percentage of trains that are operated) remained stable. However, it was recognized that the contractual requirements on operating performance were insufficient to improve punctuality and reliability substantially. Therefore, incentive regimes with respect to punctuality and reliability are now going to be tightened and expanded: a target will be set out that 15 out of 16 (93,75%) of trains should reach their destination within 10 minutes of scheduled time for long distance high speed services and within 5 minutes for all other services .

Aggregated performance trends in Great Britain

	1992/ 93	1993/ 94	1994/ 95	1995/ 96	1996/ 97	1997/ 98	1998/ 99	1999/ 2000
Passenger's Charter reliability ³	98.7	98.8	98.7	98.8	99.1	98.9	98.8	98.8
Passenger's Charter punctuality ⁴	89.7	90.3	89.6	89.5	92.5	92.5	91.5	91.9

³ Reliability is defined as 'number of trains not cancelled'.

⁴ Punctuality is defined as ‘number of trains arriving within 5 (10 for inter-city services) minutes of scheduled arrival time’.

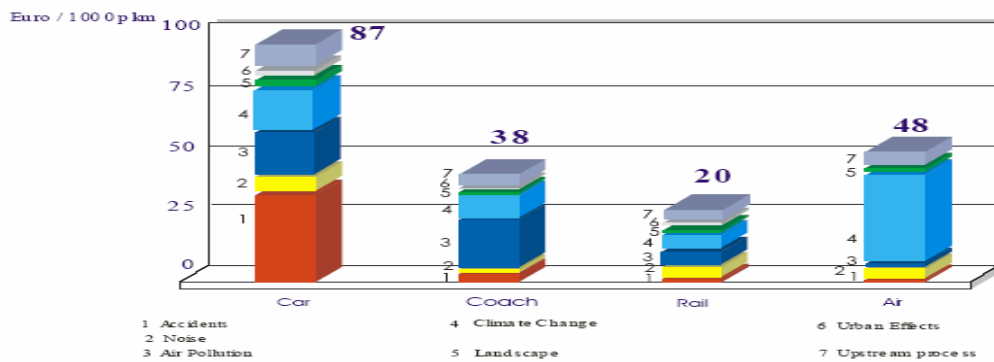
Source: DETR (2000a)

Outcome indicators: final impacts on transport users and non users

Travel times saving of rail passenger due to the reduction of delays is one of the effects expected from the measure. In addition, the implementation of this Regulation would improve the efficiency of rail passenger mode relative to other modes of transport, thus promoting the modal shift from air to rail in case of long distance international trips. By this way, an important consequence of the improved efficiency of rail passengers will be the reduction of emissions to air.

Indeed, it is expected that the rail share will increase and air share will decrease for long-distance passenger international trips, thus rail emissions will increase and air ones will decrease. However, the environmental impact will be positive on a whole, as the rate of emissions of rail is lower than the air rate of emission per pkm. A comparison of emissions per mode is given hereunder.

Average External Costs without Congestion: Passenger Traffic 1995



Source/Quelle: INFRAS/WW 3/2000



Shaping the railway of the 21st century

Source: UIC website: http://www.uic.asso.fr/d_gv/toutsavoir/graphique2.html (IWW data)