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## **ERFA supports a competitive rail sector that plays by the rules – for rail companies and employees**

ERFA supports market opening in the rail sector that goes hand in hand with the respect of rules regarding social and working conditions. That means either the labour laws and/or collective agreements in place within the individual Member States or, where cross-border rail operations are involved, the European Directive (2005/47/EC) on *certain aspects of the working conditions of mobile workers engaged in interoperable cross-border services in the railway sector*.

These rules apply regardless of whether the rail service is run by public or private companies and they contribute to quality jobs and a skilled workforce across Europe.

### **Private investment stimulates growth and jobs**

Where public funding and investment is lacking for rail (and lack of investment is often cited as a critical obstacle to the further development of rail), private rail companies can play a role in investing in rail services, rolling stock, rail facilities and staff.

Where rail is failing to attract customers (and rail's stagnant growth compared to road and aviation is often cited as at odds with sustainable transport goals), competition can improve the quality of service, increasing customer satisfaction and in turn contributing to sustainable growth in the rail sector. To quote the Deutsche Bahn 2014 Competition report "competition and entrepreneurial activities establish the right framework for efficiently providing goods and services. There is no exception for rail transport."

Publicly-run rail services can be good, but they can be bad. Privately-run rail services can be good, but they can also be bad. What matters is the quality of the service driving forward customer satisfaction and growth. That is why ERFA urges for a level playing field between all operators via the 4<sup>th</sup> Railway Package, so that it is the quality of the service that lies at the heart of the rail system.

### **The rail sector does not exist in a vacuum**

The rail sector cannot grow without investment, investment that is not achieved only with public money.

Rail is in competition with other national policy priorities for limited public funding. Public funds available for the rail sector should be used to stimulate private investment, not to constrain growth and jobs in the sector. Financial transparency in the use of public funds and other sources of revenue raised by the infrastructure manager is also a key element of the 4<sup>th</sup> railway Package.

Rail is in competition with other transport modes in attracting customers. Therefore it cannot act as a Member State's job centre, creating jobs artificially, if it is to grow its share of the market and take on a prime role in a sustainable transport system. A rail sector attracting customers creates growth and jobs for future generations.

## No to social dumping

Competition should not lead to social dumping, but to the creation of quality jobs and a skilled workforce across Europe.

Private rail companies in the rail sector create jobs, jobs that can play a role in stemming high unemployment levels. The two most advanced open rail markets, Sweden and the UK, are the only Member States that have created jobs in rail since 2000<sup>i</sup>. In 2013 new entrants on the rail market represent 118,000 or rather 21%<sup>ii</sup> of the total number of employees in the rail sector, despite new entrants having a relative low market share.

With this in mind ERFA further supports:

- The creation of a permanent social dialogue at EU level to ensure the respect of social rights.
- The obtainment of a Railway undertaking licence conditional on the railway undertaking fulfilling social or labour law obligations under occupational safety and health legislation

## Open markets stimulate sustainable growth – some hard facts

### In the UK:

*High fares in the UK.* These are the result of a political choice made at national government level – the UK Government chooses not to subsidise fares to the same extent as they are subsidised in other European countries. There are many cheap fares available in the UK on an advance basis – Discounted tickets now account for almost half of all fares income up from just over a third a decade ago.<sup>iii</sup>

*Growth.* Since competition between passenger rail operators has been introduced in the UK, the UK has enjoyed the highest ever number of services and an increase in the numbers travelling by rail. Rail's modal share has increased from 4.6% to 7.5% - this is the highest growth in modal share of the whole of the EU. Overall, passenger numbers have doubled<sup>iv</sup> and freight traffic has grown by over 80%<sup>v</sup> in the last 15 years.

*Safety.* The average number of victims per train-km (i.e. the number of persons killed or injured by train circulating) of the UK is the lowest on average of the whole EU since 2004. Overall, the UK ranks as joint-first safest with three other European countries based on the number of train safety incidents. The UK was best amongst all European rail countries in managing passenger and level crossing rail safety; third at managing employee safety; and fifth for trespass, according to ERA safety common safety indicators.<sup>vi</sup>

*Customer satisfaction,* Eurobarometer survey conducted in 2012, found that almost four out of five people (78%) surveyed in the UK gave either a “high” or “good” rating to services on its railway – the 2nd highest score out of the 26 EU Member States surveyed.<sup>vii</sup>

Current issues faced in the UK passenger sector – crowding particularly in the morning peak, rate of continued passenger volume growth versus available capacity.

The issues are linked to greater investment in the rail network (infrastructure and rolling stock), which can be supported with private investment.

## In Sweden:

*Growth*, Since competition was introduced in Sweden 25 years ago the steady decline in rail since the 1950s has been reversed, with an increase in freight being transported by rail and big increases in passenger rail transport. Sweden is 2nd in the EU for Member States where rail travel has grown most compared to other modes since 2005 (UK comes in first)<sup>viii</sup>

*Rail fares*, Since 2005 Sweden has had the lowest rail fare increases out of all EU Member States (an increase of only 3.7% in nominal terms.)<sup>ix</sup>

*Investment*, Pre-market opening the Swedish rail network faced a period of decline and increasing financial problems for the Swedish state-owned operator. Since then investments have increased and tendering has led to a reduced need for operating subsidies for unprofitable lines (average 20%).<sup>x</sup>

*Safety*, Since market opening started around 1990, accidents in Sweden have been reduced by about 80%<sup>xi</sup>. According to the 2014 ERA safety performance report Sweden was placed 8th in the EU for casualty risk of employees and passengers: fatalities and serious injuries per million train km (2009-2012).<sup>xii</sup> It was also noted in the ERA report that countries from the advanced group in terms of market opening have lower casualty risk than the countries with less advanced market opening.<sup>xiii</sup>

## Contact:

ERFA European Railway Association  
Julia Lamb, Secretary General  
T +32.2.672.88.47, [julia.lamb@erfarail.eu](mailto:julia.lamb@erfarail.eu)

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<sup>i</sup> Eurofound report –Employment and Industrial relations in the railway sector, 2012  
[http://www.eurofound.europa.eu/sites/default/files/ef\\_files/docs/eiro/tn1109030s/tn1109030s.pdf](http://www.eurofound.europa.eu/sites/default/files/ef_files/docs/eiro/tn1109030s/tn1109030s.pdf), page 15

<sup>ii</sup> Rail Market Monitoring Scheme 2014 report [http://eur-lex.europa.eu/resource.html?uri=cellar:d261b1f8-f5f4-11e3-831f-01aa75ed71a1.0002.01/DOC\\_2&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:d261b1f8-f5f4-11e3-831f-01aa75ed71a1.0002.01/DOC_2&format=PDF), page 65

<sup>iii</sup> Rail Delivery Group report, <http://www.raildeliverygroup.com/wp-content/uploads/2015/01/2015-01-Britains-future-Britains-railway-brochure.pdf>, page 13

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- iv Rail Delivery Group report, <http://www.raildeliverygroup.com/wp-content/uploads/2015/01/2015-01-Britains-future-Britains-railway-brochure.pdf>, page 2
- v Freight Britain, 2015 Rail Delivery Group <http://www.raildeliverygroup.com/wp-content/uploads/2015/02/Freight-Britain.pdf>, page 2
- vi UK Rail Regulator – overview of rail safety performance 2012-2013 <http://orr.gov.uk/what-and-how-we-regulate/health-and-safety/monitoring-and-reporting/health-and-safety-report-2013/performance-in-2012-13>
- vii Eurobarometer survey 2012 [http://ec.europa.eu/public\\_opinion/flash/fl\\_382a\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_382a_en.pdf)
- viii Rail Market Monitoring Scheme 2014 report and Eurostat, [http://eur-lex.europa.eu/resource.html?uri=cellar:d261b1f8-f5f4-11e3-831f-01aa75ed71a1.0002.01/DOC\\_1&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:d261b1f8-f5f4-11e3-831f-01aa75ed71a1.0002.01/DOC_1&format=PDF), page 10
- ix RMMS report 2014 [http://eur-lex.europa.eu/resource.html?uri=cellar:d261b1f8-f5f4-11e3-831f-01aa75ed71a1.0002.01/DOC\\_1&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:d261b1f8-f5f4-11e3-831f-01aa75ed71a1.0002.01/DOC_1&format=PDF), page 39
- x PhD thesis from Stockholm School of Economics, Professor Gunnar Alexandersson
- xi Swedish Transport Administration <http://www.trafikverket.se>
- xii ERA safety performance indicator report 2014 <http://erail.era.europa.eu/documents/SPR.pdf> - pages 63 - 80 and page 37
- xiii ERA safety performance indicator report 2014 <http://erail.era.europa.eu/documents/SPR.pdf>, page 37