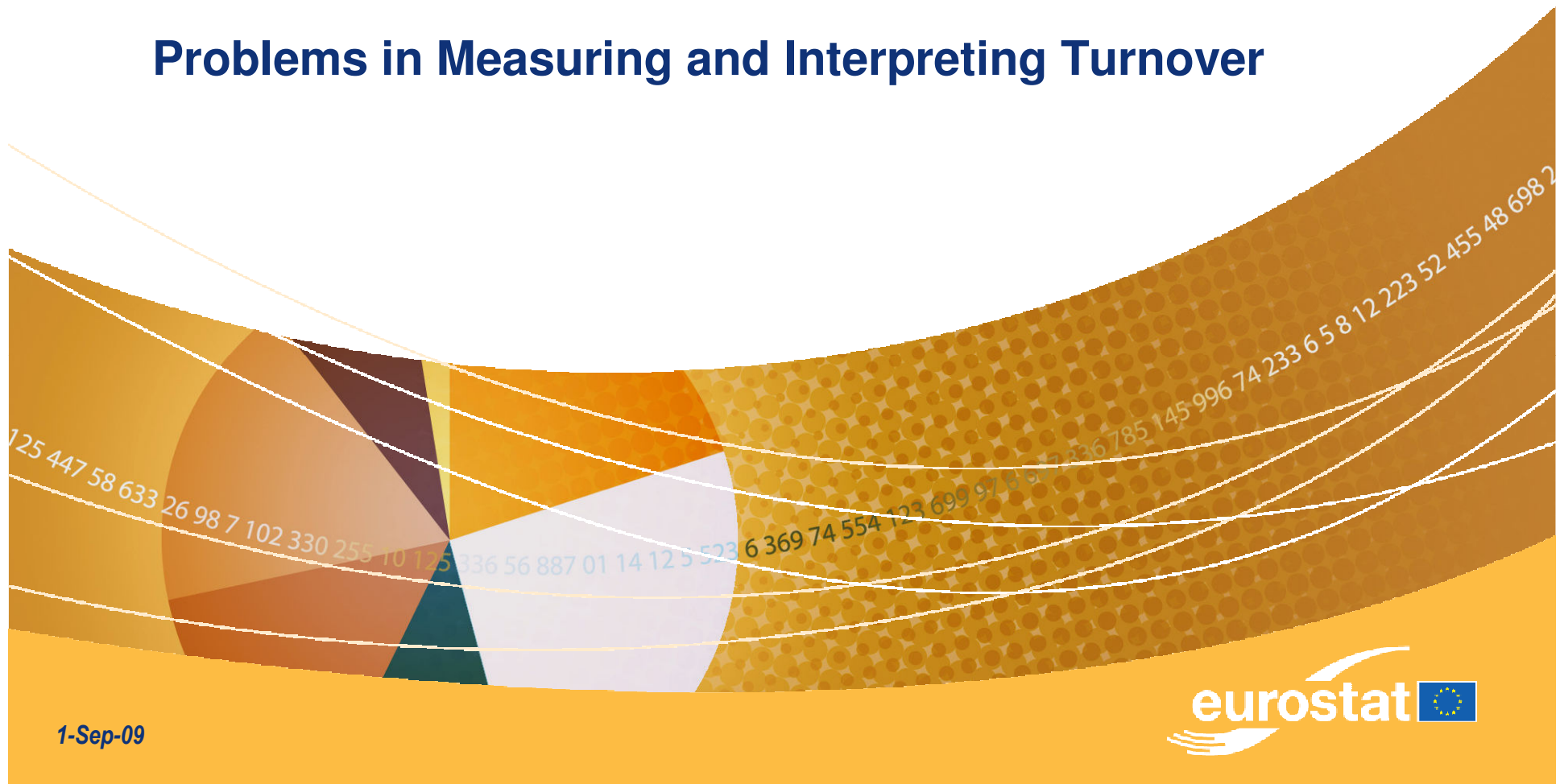


24th Voorburg Group Meeting on Service Statistics
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Passenger Rail Transport

Problems in Measuring and Interpreting Turnover



1-Sep-09



Classification:

- How to distinguish between interurban, urban, suburban etc. ...?
- Where is the “regional” passenger transport by rail?

ISIC Rev. 4 definitions

- **Code 4911** – Passenger rail transport, interurban:
 - No description at all
- **Code 4921** – Land transport of passengers by urban or suburban transport systems:
 - “*This **may include different modes of land transport**, such as by motorbus, tramway, streetcar, trolley bus, underground and elevated railways etc. The transport is carried out on **scheduled routes** normally following a **fixed time schedule**, entailing the picking up and setting down of passengers at normally **fixed stops**.*”

NACE Rev. 2 definitions

■ Group 4910 – Passenger rail transport, interurban:

- *"This class includes:*
 - rail transportation of passengers using railroad rolling stock on **mainline networks**, spread over an **extensive geographic area**
 - passenger transport by **interurban railways**(...)
- *This class excludes:*
 - passenger transport by urban and suburban transit systems, see 49.31(...)"

■ Group 4931 – Passenger transport of passengers by urban or suburban transit systems:

- Same definition as ISIC 4921

Other EU definitions

■ Public passenger transport

- Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road (...):
 - “*..,passenger **transport services of general economic interest** provided to the public on a non-discriminatory and continuous basis”*
- Proposal for a directive of the European Parliament and of the Council amending Council Directive 91/440/EEC on the development of the Community's railways:
 - “*Services operated under a **public service contract** are **generally regional**, with **frequent stops**, carrying passengers travelling **short or medium distances**. **International services**, on the other hand, generally make **fewer intermediate stops** and their customers **travel longer distances**.”*

UN's Economic Commission for Europe definition

- **Urban and suburban public passenger transport**
 - **Working Party on Transport Statistics of the Inland Transport Committee of the UN Economic Commission for Europe:**

- *“Public transport of passengers carried out for the **purpose of meeting the transportation needs of the urban area/suburban area** and usually **integrated into urban public transport systems.**”*

German federal legislation's definition

■ (Sub-)urban passenger transport

– Different Laws on public transport:

- *“Public (sub-)urban passenger transport is the passenger transport in **means of transport** that are **mainly designed to satisfy the demand in urban, suburban and regional traffic**. In case of doubt this is considered as true, if the **majority of passengers in a means of transport** has a **total travel distance shorter than 50 km** or their **total journey time is less than one hour**.”*

How to distinguish between interurban, urban, suburban etc. ...?

- Existing definitions do not really help to distinguish between interurban, regional, suburban, urban (...) transport.
- Classification rather unclear.
- Overlapping situation, not set up apart clearly.
- **Question: *Is it meaningful and necessary to distinguish?***

Other relevant actors

Unit (main economic activity)	Classification			incl. in	
	NACE Rev. 2	ISIC Rev. 4	Description	SBS	STS
	Class				
Railroad Transport Company					
...interurban	49.10	4911	Passenger rail transport, interurban	yes	yes
...urban and suburban	49.31	4921	Urban and suburban passenger land transport	yes	yes
Operation of infrastructure (tracks, stations, signal boxes...)	52.21	5221	Service activities incidental to land transportation	yes	yes
Transport association^[1]					
...clearing house services	82.91	8291	Activities of collection agencies and credit bureaus	yes	yes
Task bearer					
...as part of the general public administration	84.11	8411	General public administration activities	no	no
...as separate organisation	84.13	8413	Regulation of and contribution to more efficient operation of businesses	no	no

^[1] Depending on their organisation, transport association may be involved in many other different tasks not mentioned here.

Service of general interest

*“These services of general interest play a major role in ensuring social, economic and territorial cohesion and are vital for the sustainable development in terms of higher levels of employment, social inclusion, economic growth and environmental quality. They are defined as the economic services which the public authorities classify as being of general interest and subject to specific public service obligations. **This means that it is essentially the responsibility of public authorities, at the relevant level, to decide on the nature and scope of a service of general interest. Public authorities can decide to carry out the services themselves or they can decide to entrust them to other entities, which can be public or private, and can act either for-profit or not for-profit**”*

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions accompanying the Communication on "A single market for 21st century Europe": Services of general interest, including social services of general interest: A new European commitment; COM(2007) 725 final

Service of general interest

- **The public authorities (task bearers) mainly decide on the amount of service produced.**
- **The way the task bearer chooses to ensure a sufficient production of public transport determines the turnover of the transport companies.**

Public Money = Turnover or Subsidies?

■ Turnover

- **Article 28 of the 4th Council Directive of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies (78/660/EEC):**
 - *“The net turnover shall comprise the amounts derived from the sale of products and the provision of services falling within the company's ordinary activities, after deduction of sales rebates and of value added tax and other taxes directly linked to the turnover.”*

■ Subsidies

- **paragraph 7.7.1, 1993 System of National Accounts:**
 - *“...current unrequited payments that government units, including non-resident government units, make to enterprises on the basis of the levels of their production activities or the quantities or values of the goods or services which they produce, sell or import.”*

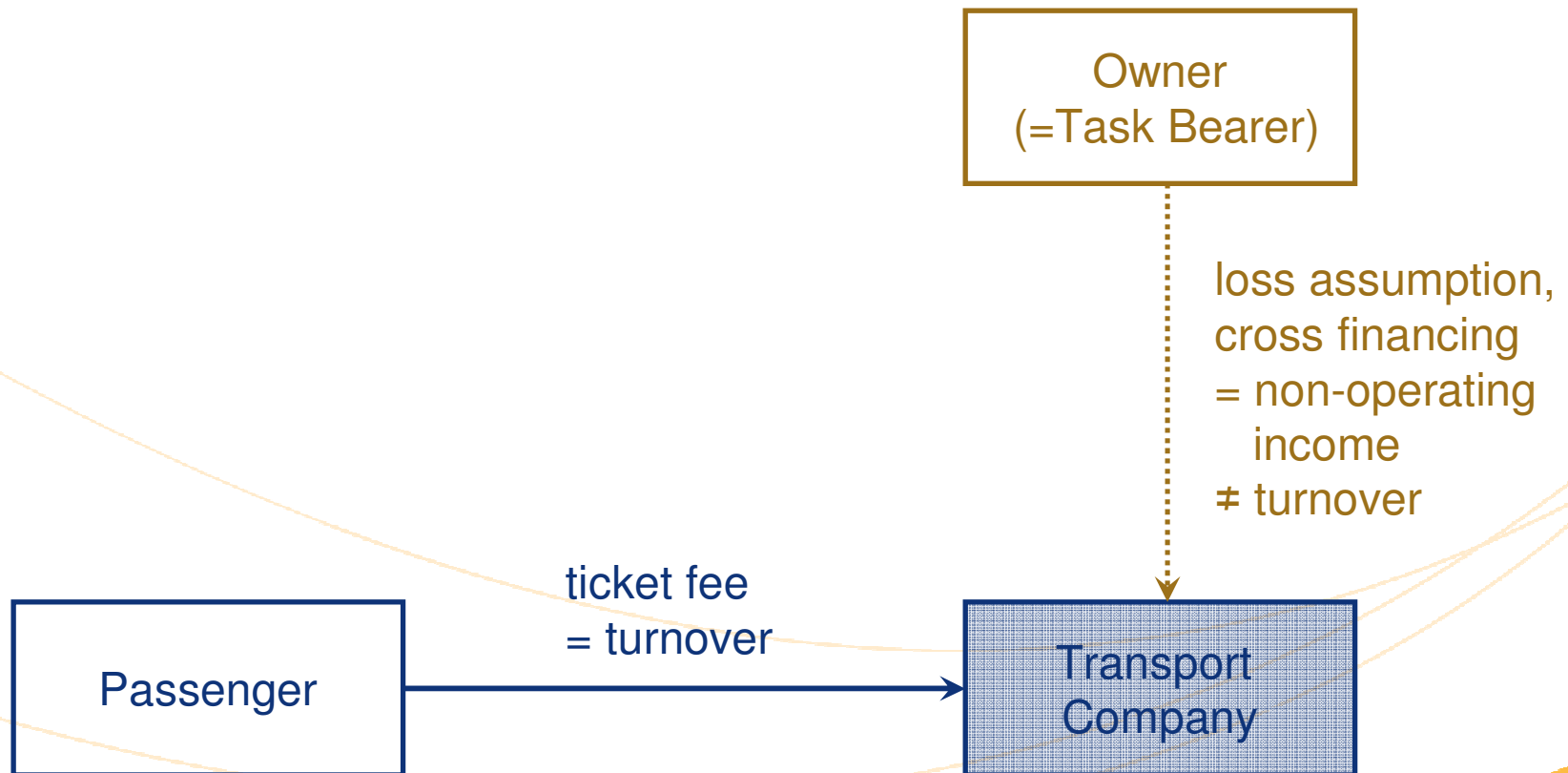
Include Public Money in Turnover or not?

- **N.A. tendency: def. not!**
- **Could be transferred through “private” organisations.**
- **Public authorities order and pay for services (contracts).**
- **Depending on situation main or even only income of a certain transport company.**
- **Turnover is a business administration/ accounting and not a N.A.-concept.**

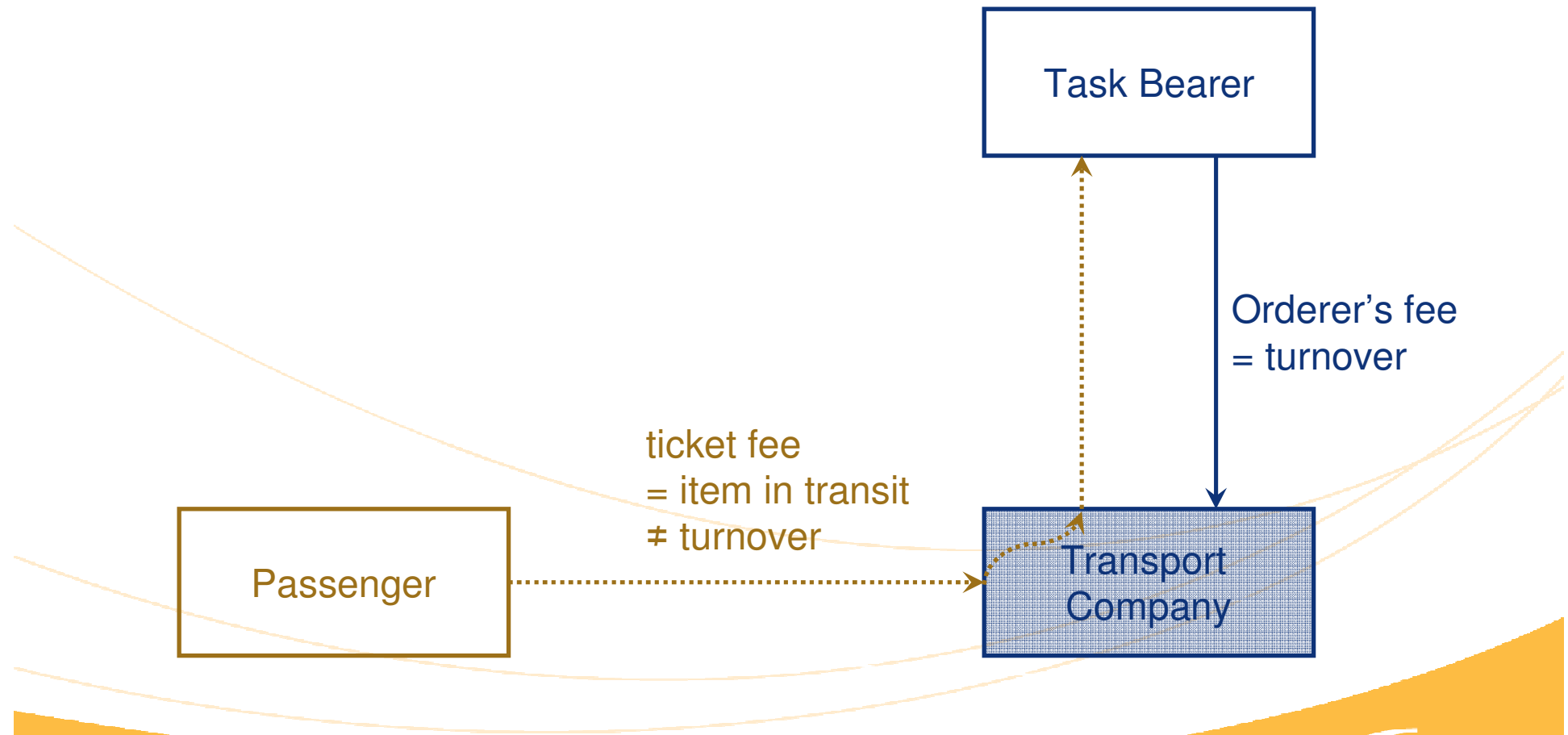
Different concepts and services

	service without subsidies	economically unprofitable service
concession	x	
contract		x
open-access	x	

Service without subsidies (concession)



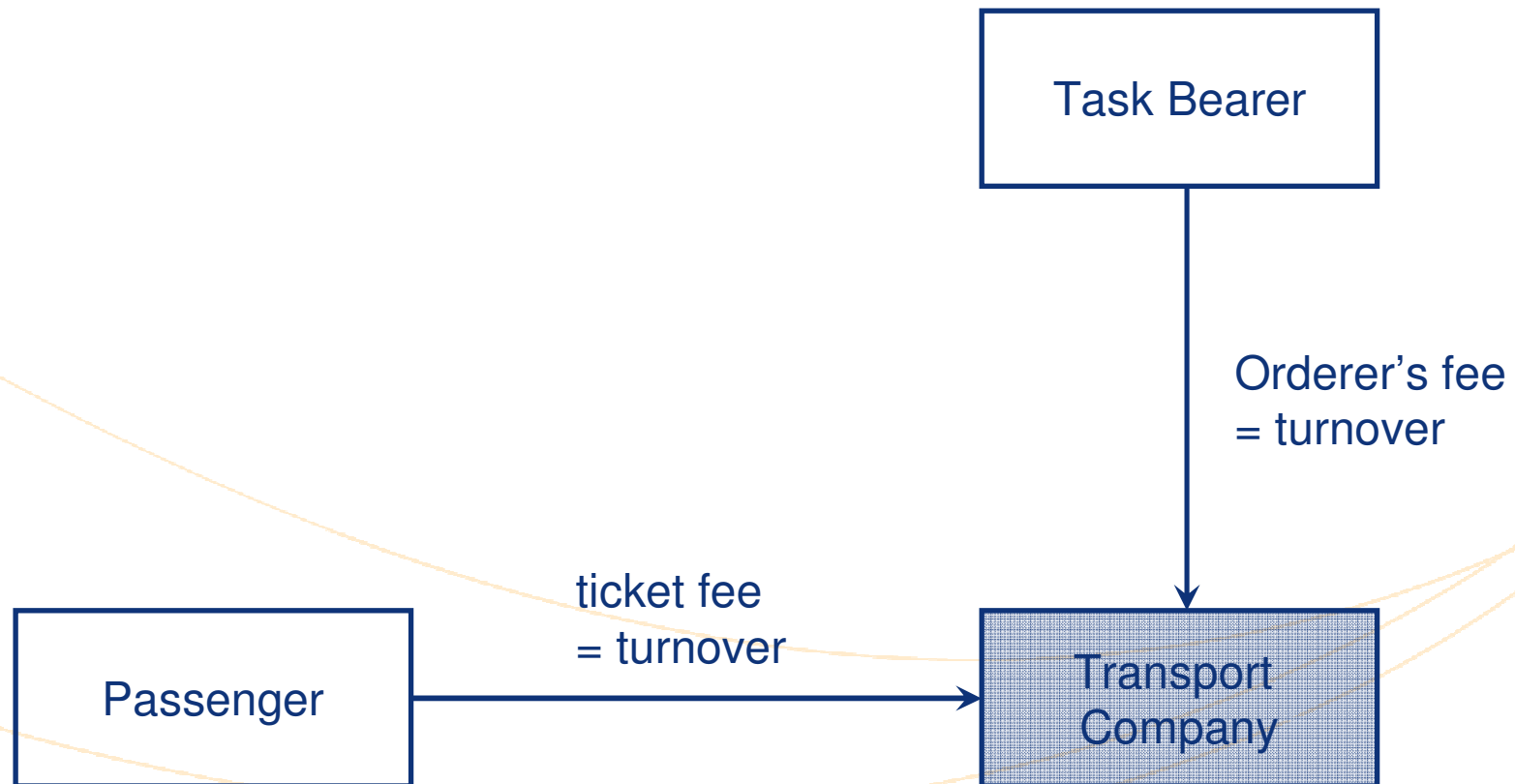
Economically unprofitable service (gross contract)



Economically unprofitable service (gross contract)

- Often quite strict and rigid contracts.
- Task bearer could take a lot of original tasks of the Transport Company like owning rolling stock, maintenance, schedule planning, financing (...).
- “Transport Company” could only be responsible for the staffing.
- Ticket incomes belong to the task bearer.
- “Transport Company” only gets the orderer’s fee.
 - **Classification of the task bearer?**
 - **Classification of the “Transport Company”?**

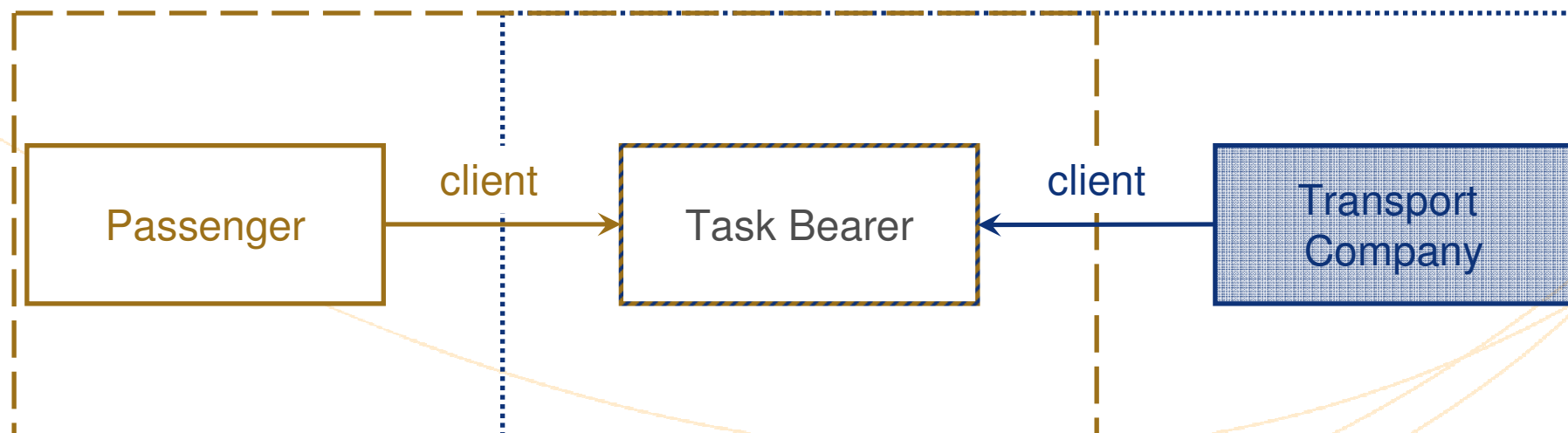
Economically unprofitable service (net contract)



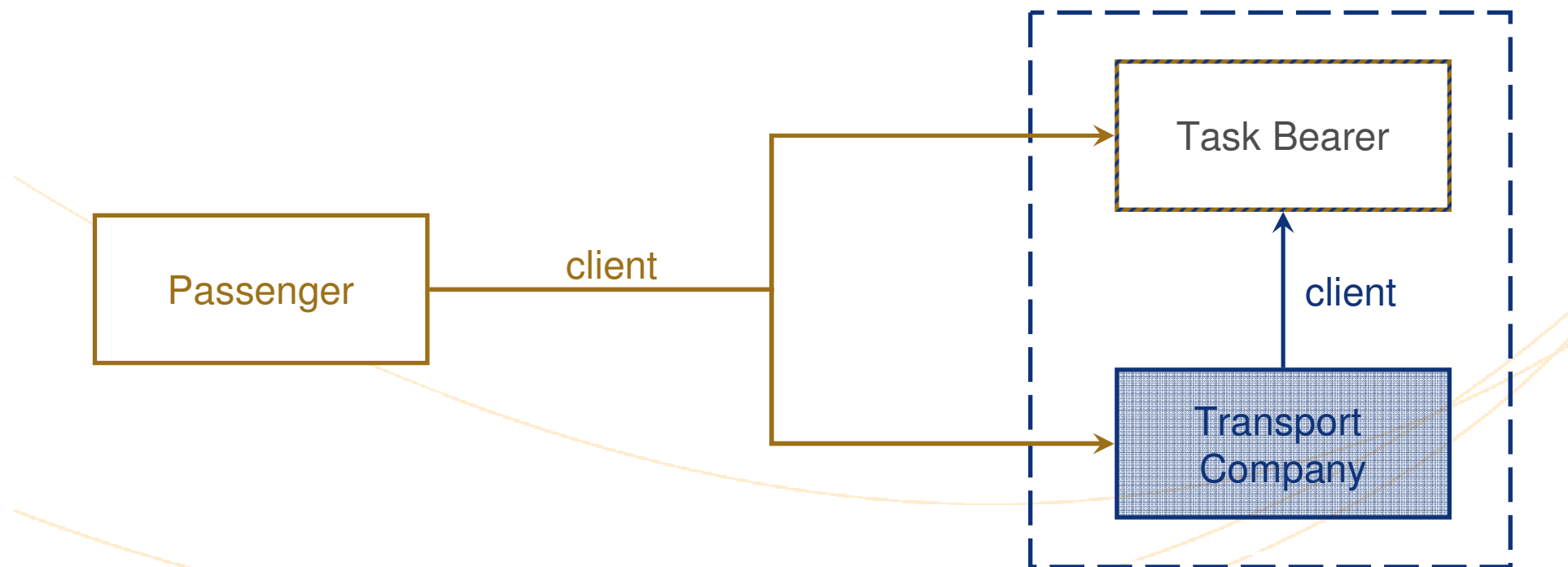
Public passenger transport =
Three market relations & two markets:

- **Market relation Transport Company – Passenger**
- **Market relation Transport Company – Task Bearer**
- **(Market relation Passenger – Task Bearer)**

Market relations: gross contract



Market relations: net contract



Two different products

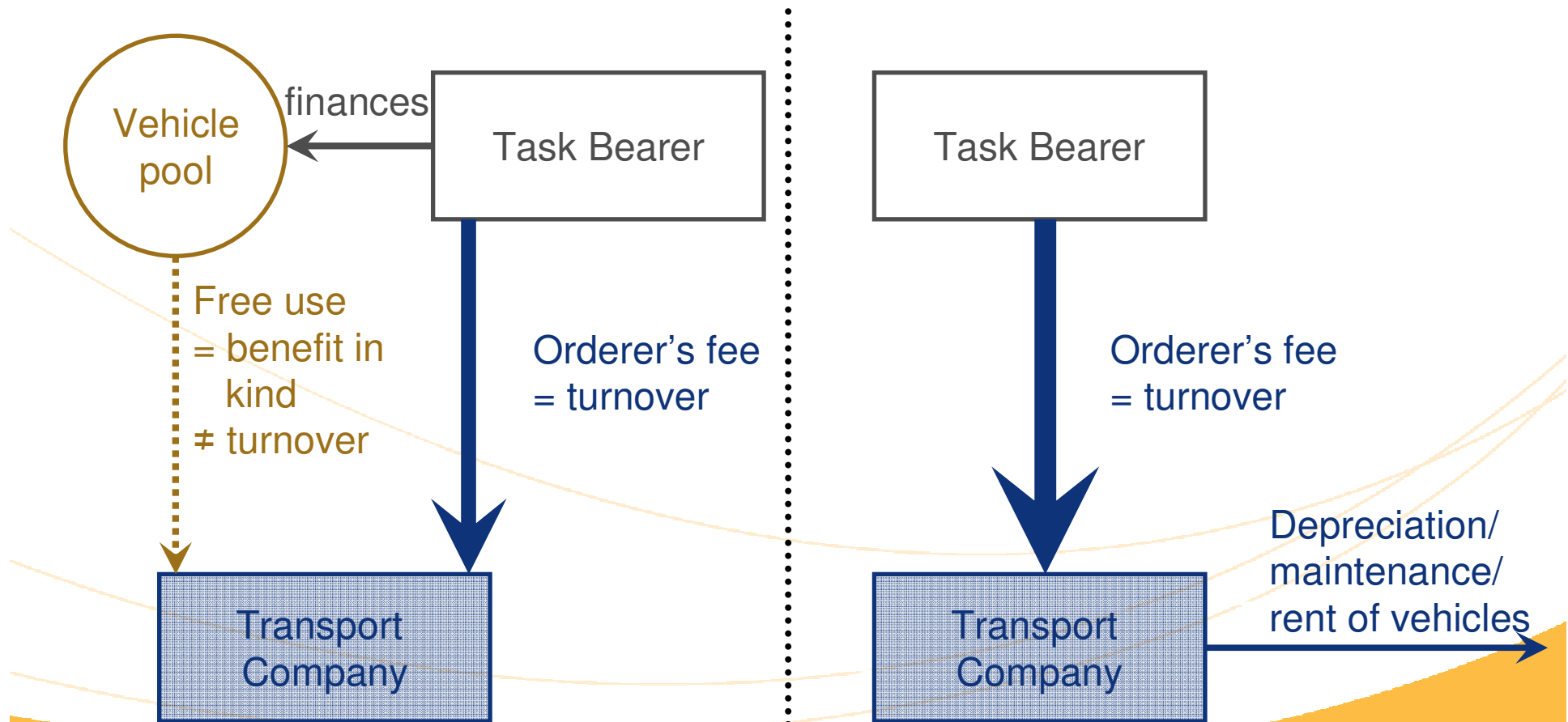
- **Market relation Transport Company – Passenger and market relation Passenger – Task Bearer:**
 - **Transport Services**
- **Market relation Transport Company – Task Bearer:**
 - **Opportunities of transports**

Related problems:

■ Benefits in kind

– E.g. Vehicle Pools

Impact of vehicle pools



Related problems:

■ Benefits in kind

- Vehicle pools
- Infrastructure expenditure compensations

Infrastructure costs

- Limited capacities
- Rail infrastructure not for free
- (Non market prices)
 - Sometimes directly paid by task bearer
 - Sometimes part of the orderer's fee
 - Sometimes covered by ticket prices...

- Influence on Transport Company's turnover

Related problems:

■ Benefits in kind

- Vehicle pools
- Infrastructure expenditure compensations

■ Allocation problems (especially in STS)

- Down payments
- Bonus- and malus-payments

■ Revenue split up in transport associations

Special Problem in some MS

■ Integrated groups of enterprises

- Transport Company and Infrastructure Company
- Could lead to hidden package deals
- Impossible to identify for what the public pays under the cover of a transport contract

Conclusions I

■ Three sector specific main problems when measuring turnover:

- Delimitation (sub-)urban, regional, long distance transport
- Market definition itself (two different products)
- Treatment of the different kind of payments

Conclusions II

- What is the output? The **transport** or the **transport option**?
- Same amount of service does not necessarily lead to same results in the “turnover” output indicator.
- Market organisations, kinds of payments (...) have a significant influence on what is measured as turnover.

Conclusions III

■ Questions that have to be asked:

- Which market do we want to measure?
- Is turnover a reliable, meaningful, useful and an internationally comparable indicator for this purpose?
- Are there better indicators to estimate the output of the passenger rail transport markets?