Regionalization of passenger regional railway transport: experiences from France and Italy

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Railway regional passenger transport is experiencing since 1970 in France and Italy but also in the main European countries a decline in modal split facing car mobility. To invert this trend, the regionalization of railway regional passenger transport is today implemented in France and Italy. This reform is still in both countries in process and will have some impacts on the regional service by opening the field to service’s contracts between transport authorities and operators (only the national operator SNCF in France is allowed). In this paper, we will analyze the framework of regional railway passenger in France and Italy. We will then highlight the impact of the regionalization reform for both countries. We will show that regionalization is based on a double negotiation process: first, with the central State, it deals with the determining of financial grants due to this transfer of competence without transfer of charges. Secondly, it deals with a negotiation for establishing a convention Transport Authority / Regions and Operators. Organization and financing competence, communication, pricing, quality control will be competencies of the regions. We will then conclude by showing the challenge and limits of the reform. What are the brakes of the regionalization reform in France and Italy?

The regionalization of railways passengers transport doesn’t hit the French and Italian news! It is not in the centre of citizens’ expectations who don’t stop using massively their car for urban and regional mobility. In that way, for the Rhône Alpes region (France), 83% of daily travels from their domicile to the office are done for example by personal car (Rhône Alpes Regional Council, 1997). Only 13% of them in the Rhône Alpes region and approximately 20% in France big towns use collective transports, which is first due to urban transports (subway, bus, tramway) before regional railway transport (Rhône Alpes Regional Council, 1997). What’s the point continuing to address the issue of regional railway transport?

Nevertheless, this reform is a deep reform unprecedented that concerns first the national operators in Italy and France, FS (1) and the SNCF (F), with the affirmation of the region as the organising authority for the financing and the organisation of the regional railway transport, but also public policies and the decentralisation with the transfer of a new competency from the central government, via the national operators, to the Regions. In view of the huge number of discourses concerning the institutional rubble and the impossibility of reforms in France, the regionalization thus demonstrates that a dynamic of deep reform of the State action is possible in a complex environment where many actors interfere: territorial authorities and the organising authorities, urban areas, regional or national operators, newcomers maybe, the network administrator and the State. This reforms also demonstrates that the regional railway transport begins to be accepted as fundamental in management strategies of great metropolitan areas mobility, as it enables to develop at the same time efficiency, effectiveness and sustainable development of transport.

The aim of this article is to present the characteristics and the progress of this reform in France and Italy. Starting from the regional railway transport situation, in France in Italy, the last two decades, our study will be focused on the development of the railways’ reform by insisting on the regionalization dynamic in operation and on institutional blockages: no real liberalisation and no opening to third operators and newcomers on the French railway market, the SNCF being the sole railway operator concerning the regional transport as in long distance; start of tendering process and competition in Italy.

Only 13% of them use a collective transport in the Rhône Alpes region and 20% in big French and Italian cities, which global – the TGV (High Speed Train) – and of the local – the urban transport. Consequently the success of the regionalization includes the awareness of this logic of interface and interconnection between the Trans-European High Speed Train Networks, National High Speed Train Networks and local networks of railway transport. It positions itself as an actor that can’t be ignored for the mobility of tomorrow and it reinforces the attractiveness as the competitiveness of their territories (Chavineau, 2002).

Seeing the exceptional results of the regionalization, one could think that this new competency won’t be the last one. The fiscal autonomy of the regions first will have to be reinforced that are still too dependant on budgetary transfers of the State. (Guihéry, 2002).

The region at the centre of the daily mobility requirements of tomorrow

The daily mobility of the French is before all regional since, for the Rhône Alpes region for example, 97% of the 18.6 millions of daily trips are made within the region (cf. table 1 that is to say 3.4 trips per inhabitants and per day on average against 3.2 for the French average). In front of this demands of mobility, the market shares of collective transport remain marginal (table 2): 83% of the daily trips from home to work are done for example in personal cars.

1
is more due to the presence of urban transports (bus, subway, tramway) than to the regional railway transport.

<table>
<thead>
<tr>
<th>Rhône-Alpes</th>
<th>France</th>
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<tbody>
<tr>
<td>Nombre de déplacements par habitant et par jour</td>
<td>3.4</td>
</tr>
<tr>
<td>Dont : avec un moyen de transport mécanisé</td>
<td>2.7</td>
</tr>
</tbody>
</table>

| 18.6 millions de déplacements quotidiens, à 97 % réalisés à l’intérieur de Rhône-Alpes |

| Translation |
| Travels per inhabitant and per day: 3.4 for Rhône-Alpes Region |
| From them: with motorised transport: 2.7 for Rhône-Alpes Region |
| 18.6 daily travels (97% within the regional area) |

Source: Schéma Régional des Transports, nov. 97, Conseil Régional Rhône-Alpes

**Table 1: the French and Rhonalpin mobility**

<table>
<thead>
<tr>
<th>Voiture particulière</th>
<th>83%</th>
<th>75%</th>
</tr>
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<tbody>
<tr>
<td>Transports collectifs</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Dérivées</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

| 12 millions de déplacements quotidiens en automobiles en Rhône-Alpes |

| Translation |
| Car: 83% (Region); 75% (Large cities) |
| Public transport: 13% (Region); 20% (Large cities) |
| 1.2 million daily travel by car in Rhône-Alpes Region |

Source: Schéma Régional des Transports, nov. 97, Conseil Régional Rhône-Alpes, Enquête transport INSEE, Enquête ménage

**Table 2: repartition of daily motorized transports in the Rhone Alpes region and in large cities**

Facing these lessons, it appears that the region is the most appropriate territorial level in terms of mobility as it is at the bridge between the global and the local and moreover it is what sticks the best to the distance of home-office relationships that increase with the urban sprawl. The regional transport, if it is not predominantly rooted in the mobility habits of the households, is consequently fundamental to guarantee by the end a sustainable development of big regional cities. The regional railway transport first takes part in a structuring of the regional territory, gives it a meaning, an architecture, a special hierarchy, which far to be neglected for “newly created” regions, such as the region Centre that has a recent regional history. Lately the urban sprawl development is a strong factor to reinforce the attraction of regional railway networks, facing the congestion and the saturation of urban and suburban motorways. Finally, the consideration of the negative impact on the environment of the road transport – the debate on the external negative effects also reinforce the potential of the supply the regional railway transport. In terms of sustainable development, it is obvious that the current massive engagement of the regions is a long term investment, as the growth of cars mobility in big cities will finally become, in terms of external and environmental costs, more and more unbearable. The Regions should thus appear as a major actor in the orientation of mobility choices within the next years. Will they reap the fruits of their work?

Other countries, like Germany or Switzerland, have put the regional railway transport at the centre of the mobility supply for the alternative of the car, very often successful, as it is the case within the railway-tramway in Karlsruhe that serves at the same time as an urban tramway and as regional express train in the suburbs. Why don’t we fit into the same scheme in France?

As regards France, the attraction for the railroad must be immediately restarted in terms of collective welfare if we now position ourselves in a more dynamic optic as the role of railway transport doesn’t stop to decrease on a long run facing personal car. The railway could not hope for something better that this reform in view of the constant decline of its modal split in comparison with the car since the seventies. For regional travels out of the Ile de France region, the railroad hardly arrives to 2.5% of travels against 85% for the car (and 10% for the other ways of collective transports).

In the Ile de France region, the situation is a bit more favourable since the train and the RER rise 9% of travels in 1999 (19% for the other collective transports and 68% for the car). For the travels of more than 100 km, the share of the railway is about 15.9% in 1999 against 67.7% for the personal car (on the basis of passengers per kilometres). Many things remain to catch up with Germany, Netherlands, and Switzerland in terms of daily mobility and regional transport practice. The Graph 1 that follows reminds us of the contemporary imbalances of the transport economy of passengers in France.

**Graph 1: inner transport of passengers by transport mode (car, train, bus, air) in billion pass.km**

**State of the art of the regional railway transport**

The regional railway transport activity is not insignificant: with a turnover in 2000 of 3.66 billions euros, the activity "regional transport" of the SNCF (1.83 billions for the TER et 1.83 billions for Ile de France region) practically equals the activity "great lines" and TGV (high speed train) of the SNCF (4.12 billions of euros in 2000, SNCF 2002). The TER (express regional transport) affect 4 millions of passengers per year and more than 200 millions of the annual trips, 5000 trains and 800 buses per day, 3000 stations are served with 4200 stops points. Since the year 1978, the TER (regional express transport) have tripled their evolution: the growth was limited between 1978 and 1989 (+1.5%), there was a drop between 1989 and 1996 (-1.7%) and a strong increase since 1996 (+4.1%, see next graph).
The experimentation of the regionalization in 1997 enabled to accompany and even to amplify this reverse of tendency which coincides approximately with the arrival of regions in the management, which was first indirect, and later more direct, of the regional railway passengers transport. As an example between many others, the region Centre arrives at the first place of the experimental regions; boosted of an experience of 4 contracts signed with the SNCF since 1986, the region Centre has consequently doubled its supply of TER (regional express transport) within 5 years. 65 000 travellers per day in 2002 use the TER against 32 000 in 1997, that is an increase of roughly 50%, which positions the region Centre at the top of the hit parades of the French regions. A half of the fleet has been renewed, more than 50% of the stations have been restored.

The following table details the results of the experimentation. We can notice that the experimental regions better succeed than the others: 12% of traffic growth against 6.4% in 1996 and 2000; the growth of revenues is about 12% against 6.4% for the others. The railway supply has considerably increased in the experimental regions: 12% against 2.2% in the others regions. The attendance of the TER has increased of 20% between 1996 and 2000 (on the reverse of one figure growth on average for the other regions). The creation of 750 new lines, the restoration of 350 stations and an investment of 491 millions of euros for the restoration and the purchase of new generation of railway materials have motivated its generalisation in other regions (except the Ile de France and Corsica). Very relevant integrated tariff schemes - home-office, TER- urban transports- as in the region Pays de la Loire have been settled.

This dynamism of regions is to be seen in the progression of budgets out of debts which is real after a relative steady period since 1992 (4.1% in 2001 against 4.6% in 2000 according to Dexia Institute). Disparities of regional budget still remain significant (from 1.3 millions of euros for the Limousin to 15.7 billions for the Ile de France). The reverse of this dynamic is an increasing regional debt. An issue also appears in view of the regional public finance that have had these last years their scope of action and their level of independence decrease during these last years. In 1990, 4% of the global regional taxation has been taken into account by the State, via mechanisms of compensation. Today, 33% of the regional taxation is administrated by the State, after the suppression of the mutations rights (1/09/1998), of the regional part of the council tax (2000) and of the wage part in the business rates.

**The example of a pilot region: Rhone Alpes**

The strategy of the Rhone Alpes Region in terms of regional railway transport takes part of the regional plan for transportation that has been voted by the Regional Council in November 1997 (the Rhone Alpes regional Council, 1997). It is a founding act which aims at “reinvent the proximity” by guaranteeing a good access to all the places in the regional space. It also recognizes the necessary consideration of equity logics and the right to transport for everybody, that is to say a network of cities and pole of development. The choice must also be directed to modes of transport that are less polluting. It finally insists on the weak link of the “local” policy of transports that is to say the coordination of the public transport supply between the different local communities.
(urban transport, local buses, regional railway transport). The regional plan of transport sets two objectives to the regional action: firstly, the improvement of the inter-regional rail links within the Rhone Alpes region, an increase of frequencies (300 trains have been added between 1994 and 2000); systematic rhythm such as in Lyon – St Etienne link... In terms of infrastructures, the effort will be mainly concentrated on the reduction of congestion in Lyon area, the development of Alpes lines, in the North as in the South, the line Lyon – Bourg en Bresse and the opening up of the Chablais. Secondly, the regional action is set in an objective of a modal transfer of the urban sprawl traffic to the TER by developing multi-modality and by improving the regional transport interfaces – urban transport (integrated price setting, intermediary car parks, combined price setting,...). Four projects have the priority: the St Etienne - Firminy axe, the region of Grenoble, the West of Rhone Alpes, and the relations between Rhone Alpes and Geneva. Concerning the multi-modality, the Rhone Alpes regions has undertook the restoration of more than 100 stations on both contracts of the Region-State plan. Particular actions have been taken concerning the freight and the interregional links.

In terms of budget, the regionalization in the Rhone Alpes region is to be set in a global budget of 1496 millions of euros in 2002, 402 millions of which for the transports, communication and the information technology (it means 27% of the global expenses). Concerning this “transport” envelop, the provision of the State is of 243 millions of euros, it means 60% of the expenses. The 40% that remain are on the charge of the region. In terms of modal split, great road links receive 40 millions of euros for the improvement of national roads, for the operations that are linked with the Contract of State-Region Plan and for a group of studies and research funded by the Region. 2,3 millions of euros are devoted to the regional road plan and 1,5 millions to the access of roads network. But the most significant part of the “transport” expenses of the region is intended to the collective transport. The collective transport is the first beneficiary of regional budgets for the transport as it absorbs 348 millions of euros, that is 87% of the total expenses for the transport. 247 millions of euros are devoted to the regional network of TER (buses and rail network), 70 millions to the purchase of equipment and rolling stock material, 18 millions for the infrastructure part of the State- region plan contract and 14 millions for the stations and different programs (Saint Exupéry airport, Satobus and Pass Campus). Concerning the infrastructural side of the plan contract, the total investment – for the road, rail transport and other modes – comes to 1,1 billions of euros on 7 years. It is characterised by a strong growth of the investments in terms of rail transport: the Region investments have been multiplied by 5 from a plan contract to another. (1994 – 1999: 30,5 millions of euros against 2000 – 2006: 163,9 millions of euros). As many other regions, this engagement for the rail mode aims at favouring a modal report of the car to the rail transport. But it is on the side of the investment for the rolling stock material that the Rhone Alpes region has been reactive: the regional rolling stock material had been totally abandoned by the SNCF which had concentrated its energy on the high speed rail. The outdated state of the rolling stock material – 23 years of age on average in 1997 – and the heterogeneity in terms of speed, power and comfort of the rolling stock material did not allow to take up the challenge of the regionalization. The region has then developed a restoration’s program in depth of the rolling stock material around 5 targets: a self-propelled, a reversible, a modular, powerful and comfortable equipment. A restoration program has been settled for the stock that is in the middle of the way (15 years). Between 1994 and 1997 137 millions of euros has been invested in most of 30 new trains. Between 1998 and 2001, this envelop has raised 183 millions of euros. This amount should be tripled in 2002-2007 which 410 millions of euros for the purchase of new rolling stock material (225 trains with a train based on 80 seats).

What is at stake and limits of the regionalization?
The aim of the involvement of regions is indeed firstly political as some presidents of regions maintain it. With the railway, it is the legibility and the popular anchoring of the region that are emphasized, “it is to the Region that results will be asked if train of 17h 21 between Landerneau and Brest is late”, forecasts the President of the Region Bretagne. Regions “want to fight” in terms of public action and they are optimistic with coming comparative evaluations in terms of State - Region benchmarking and in terms of Yardstick competition between the different regions that are engaged. The challenge is large as the railway transport is not well after decades of a centralised and monopolistic management which have cut it from the expectations and the regional preferences of the citizens. Studies led by some survey institutes confirm the good image of the regions: the Intergional Observatory of Politics, in a survey carried out by the SOFRES among 700 persons, reveal that 75% of the French trust in the future of the Region against 59% in the future of the country. But Regions manage only 2% of total public spending although 40% of their budget are devoted to the spending in equipments and structuring infrastructures. How could it have come to this?

Let us come back (Faivre d’Acier, 2002). In 1974, the SNCF reorganises and regionalizes its network. The first step has been done. Concerning the collective transports, the LOTI law (Loi d’Orientation sur les Transports Intérieurs) defines in 1982 the scope of action of the different local communities for the public transport. Some regions goes faster, such as Rhone Alpes that has created in 1989 an union for the organisation of the railway transport in Rhone Alpes (SOFRA) that gathers together the Rhone Alpes Region and 8 Departments. A real regional ability so appears in terms of collective transports. In 1993, the SNCF evolves more clearly to a regionalization of its activities... what allows, for example, the Rhone Alpes region to manage from July 1994 the setting of interregional railway lines between cities.
transient convention with the SNCF is signed ... which is the first step for the appliance of the region to the experimentation to the regionalization of regional railway transport services. Following the 1995 law concerning the orientation for the management and the development of the territory (LOADT), 7 regions are applying in 1997 to experiment the regionalization of the regional railway transport: Alsace, Centre, Nord- Pas-de-Calais, Pays de Loire, Provence-Alpes-Côte d’Azur, Rhône Alpes, and since 1999, Limousin. These regions are organizing authorities for the regional railway transport until 1999, with a prolongation until December 31th 2001. The SNCF, sole partner of the Regions, operates the TER and interregional trains. On December 13th, 2001, the adoption of the SRU (Solidarity and Urban Renewal Law) generalises the transfer of the competency for the financing and the organisation of the regional railway transport of passengers to all regions for January 1st 2002 (except Corsica and Ile de France). The regions also manage the communication policy of the railway transport, the tariff policies and the checking policies where they have to face sometimes with the reluctance of the SNCF to deliver pertinent information. It is on that point that the SNCF has advances during the last years by partially freeing itself from the accountancy FC12K following the advices of the cabinet KPMG. The setting of a regional analytic accountancy should allow to control the costs and the revenues of regional activities and should lead to a strict separation of infrastructure and management activities. The separation, which is actually at work in Sweden and in Germany, should induce the state to invest in the infrastructures, making clear the lacks and the late accumulated until now. More precisely, 4 actors are implicated in this transfer of competency: the State which will transfer to the regions the necessary resources for the setting of this new competency (1.5 billion of euros in 2002, that is 30% more than in 2001); the Regions, which will be responsible of the tariff policy provided it stays in the national limits; the SNCF, the only actor that is allowed for the moment according to the law for the railway transport operations, staff management and the rolling stock material, and the RFF – Réseau Ferré de France, the French Network - that is responsible of the railroads at least institutionally since it is the SNCF that acts through a delegation. In November 27th 2001, the law related to “the transfer of competencies in terms of collective transport of regional interest” is published. The first convention of regionalization is signed by the Provence Alpes Côte d’Azur Region on December 19th 2001. For the year 2002, new contracts are being discussed. The debate is lively between the regions, against the State that is accused by some regions to limit the financial grants given to the region for the management of this new competency, as on the side of the SNCF: regions fear a lack of control on the SNCF and they are in favour of convention with incentive mechanisms for efficiency of the national operator: evaluation of the punctuality and a bonus/loaded premium system, compensations for the days of strike, test of the quality of services, higher transparency in the gathering of information,... Negotiations with the regions are not easy: the Rhone Alpes region has gone far in the contest with the SNCF as it will have to go to the Prime Minister to revise the amount of the grants from the State. It has also set from the beginning of the experimentation incentive tools which aim at indicating inevitable dysfunctions or inefficiency of the SNCF: for every strike that affect the quality of the service, the SNCF should pay off a penalty of 6 euro per kilometre undone towards the Region. In the region Ile de France, the SNCF had also to pay a penalty for a bad quality of services (10% of the suburban trains have been late of more than 5 minutes on average in 2001 against 8.3% in 2000, problems that are linked with the saturation of the network, obsolete equipments, -22 years of age in general- dysfunctions): it will have to pay off a loaded premium of 1.7 millions of euros (what is little as regard of the allocation of 1.12 billion of euros of the Ile de France Transport Union, the organising authority in the region of Paris Region). Part of this loaded premium will be reserved ... to the RATP which has overtaken nearly all its objectives! In the North – Pas-de-Calais Region et Picardie Region – appeals have been engaged to the State Council (le Conseil d’Etat). In the middle of March 2002, yet most of the conventions were signed. The main critics concern the financial grants from the State (1.5 billion of euros today), which, according to the Regions, must take into account the chronic abandon and the delayed investments of the State and the SNCF regarding the regional railway transport. In view of the massive involvement of the Regions in the regional railway transport, it must not be forgotten the objective of making profits of the railway supply. For the years between 2002 and 2005, the objectives of the Regions is to increase the frequency, to reduce and even limit the mobility of individual cars in the region to favour a modal transfer, to develop the fame of the railway transport, in short to increase the efficiency of the regional railway transport... before increasing the supply which is sometimes over dimensioned (little frequentation out of peak hours, lobbying of the elected representatives who want their TER train station, ...). The regionalization has not only an incidence on the regions: it also mean a change of the work of the SNCF which becomes a service provider of regional railway transport (Fairvre D’Acer, 2002). At the time of the programmed opening (the railway international freight transport in March 2003) or delayed in 2008 (for passengers railway transport) of the railway transport to the competition, the culture of this public operator SNCF has to evolve, maybe in a favourable context as the incentive does not come from “the top” (the State or Brussels) but “from down” or “next door” (the Region). “This reform where it is experienced is a developing factor for our activities. But it is also necessary to improve the transport supply with a culture of proximity, of listening
and results" recognises Christian Crochet, manager of the regional and local railway transport by the SNCF. In order to be prepared the SNCF has appointed, early from 2000, a delegated manager for the TER in each region in direct contact with the Regional Council. Many things have to be done, in particular for the quality of services – failure of the supply in case of strike, non-respect of the punctuality, bad quality of the services in the station, improvement of signalling and information... In terms of cost, some scientific studies point out the overcharge of the SNCF management for the regional transport, that is paid by the Regions. Thus the management of a train by only one conductor, which will be also ticket collector at the same time - which is unbelievable today as two SNCF agents are necessary - would bring important decrease of costs: according to a study by Crozet et Héroux (Crozet et Héroux, 1999), the TER-SNCF costs are about 57 FF/km today, against 25FF/km for TER-SNCF services that is potentially optimised to one agent and 16 FF/km for services such as CFTA operator2 (reminder: the cost of an inter-regional bus service come to 10 FF/km).

Moreover, the relations between the Regions and the SNCF is biased as the SNCF is presented to the regions as a "proposition strength" and an "Advisor-Operator"! How indeed is it possible to fancy an independence of public choice, public management and strategic choices if an agent of the SNCF on a temporary assignment with the Region manages the regional railway transport at the heart of the Regional Council, which is today the case in some regions? The regions must increase their "market power" and their scope of action against the SNCF and, above all, they must keep the control of the evolution of their public regional finances, freeing themselves from the influence of the SNCF on their own competence. Yet, cooperation is necessary as the law demands it, but behind this debate the stake of the regionalization is profiling, that is the opening to the competition of regional railway services. The learning of the Swedish reforms is clear: the tendering for the regional franchise agreement for exploitation of regional railway networks, such as in the region of Stockholm (directly managed by the SNCF via branches, GTI in particular) have led to an immediate decrease of 20% on average on the global bill, with a constant supply, simply by the competition between different potential operators. Unless it would be enough to guarantee a certain "contestable market" (Baumol) of the regional railway market to see the national operator increasing itself its productivity and its service? However that may be, important savings on costs without decrease in the supply and important gains of productivity, of efficiency and quality of service should be accomplished on the SNCF side.

We have here one of the stake for a future success of the regionalization.

The regionalization is also problematic regarding traffic priorities on tracks that are sometimes saturated as it is the case around the railway knot in the region of Lyon but also on the Paris-North axe what penalizes 75% of the Picardie Region TER. SNCF Regional Department have thus little scope of action in view of the High Speed Train and Great Lines Department in which TGV (High Speed Train) are the priority in the affectation of tracks slots. Indeed, "the passengers of TER that are stopped see TGV going through" lament many regional councillors. The main problem if the weak power of RFF (Réseau Ferré de France), the management of the network, which delegates for the moment to the SNCF the management of the allocation of railway track slots. The respect of strict rules of price setting as a fundamental element of allocation of tracks priorities could be a positive solution facing this problem. And RFF could then increase its revenues of track pricing to develop its investments in Regions as regional councillors are requesting it more and more vigorously. The success of the regionalization will be so conditioned by the range of the institutional separation between infrastructure and operation, it means between SNCF and RFF, the latter having to independently manage the technical and local allocation of railway track slots, which is not the case today.

Finally, the latest problem let aside by the regionalization is the splitting out of competencies designed by the LOTI law between the responsibilities of urban transports (towns and suburbs), inter-urban coaches (departments) and the responsibility of railway transports (regions). This separation, which brings about a divided management logic of collective transports, where a global organisation logic of services would be very necessary and more efficient, can be considered as a real brake for the rise of collective transport: in France, on some sub-urban relations, we often have, at the same time, a service supply of the urban transport firm, a department: coach line and a railway service, the three not being very efficient as they are not coordinated. An optimised network (that is the one which offers a better level of services at a lower price for the community) is thus organised in a hierarchy, each mean of transport being used where it is the most performing. It is thus easy to observe that every serious optimisation of collective transports for a given geographic area, and especially railway area, require the integration and the coordination of the collective transports supply in only one institutional entity. In Germany, the success of the S-Bahn networks (suburban train transformed in tubes in the town centre as the RER in Paris) or the tramway-train (like Karlsruhe), would not have been successful without the creation of the Verkehrsverbünde, which are organising authorities based on a mobility demand area that overtakes the institutional splitting, which is too narrow and inappropriate. In France, a performing organisation of the regional railway transports can not be seriously foreseen without a reorganisation of the LOTI Law in which the integration responsibility of the whole urban, departmental, and regional public transport supply would be given to the Region.

Consequently, avoiding to face the issue of opening to competition of the railway network and facing the institutional lacks of the SNCF and of the LOTI, the
regionalization in France still opens a positive but limited perspective for the development of the regional railway transports which is a necessity. At worst, the regionalization would better manage the existing system and maybe optimise it on medium term.

2. Regionalization of railway transport of passengers, validity and limits of the Italian reform

The reform in the local railway passengers transport is to be put in a larger context than the local public transport reform (LPT), that has concretely begun in Italy in 1997\(^7\).

Economic context and environmental problematic that have led to the reform process of the sector in Italy

With this reform, the legislator wants to deeply reorder the sector by defining the general lines of a reorganisation of the institutions and of the management means. The objective is to give a new efficiency and efficacy to the sector of local and regional public transport, and also to contribute to reach a durable mobility through the rebalance between the modes and the emissions reduction. Indeed, the Italian local and regional public transport is in a critical stage both concerning its fiscal viability (there are large and persisting deficits) and its environmental impacts and sustainable development (with a growing level of negatives externalities). The railway transport, which has managed those last years to increase its own competitiveness on the medium and long distances (we refer here to the development of high speed railway lines), has indeed the possibility to find a space for real competition on the regional and metropolitan level, where external costs of individual transports and public transports by bus are more and more important.

Concerning the general framework, the LPT reform but also the local public transport takes place in a context of:
- conformity to the European directives in matter of opening to competition\(^8\) (and consequently to a superior level of efficiency and quality of services\(^9\)) and the settlement of a common market of the LPT;
- the reform, on the Italian level, of every sectors of public services managed by the local administrations (Regions, Provinces, Cities);
- the limitation of public spending. Important and increasing deficits of public transport companies\(^10\) begin, finally, to be taken into account.

All things considered, the reforming law of the sector, also known as the Burlando law\(^11\), which answers the European laws concerning the opening of the sector to competition, relies on two major points that are the transfer of competencies of the local transport from the national level to a decentralised one, with the competencies of the Regions and the local administrations in the programming of the services supplied by the companies, and the introduction of tendering procedures for the choice of service furnishers or of the private associated of this furnishers that manage the service. The objective is to overtake the monopolistic aspects and, thanks to the competition for the market, prevail the factory availability to manage the service in the “best conditions not only economic and of service benefits, but also in harmony with the plans of development and of increase of networks and equipments…”\(^12\).

Changes that especially concern the sector of local transport also concern LPT agencies and railway transports services of local and regional interests. Concerning the later, the reform law predicts the transfer of functions and tasks of programming and administration to region, and it also makes compulsory the tendering of the affectation services. In that way, a sector traditionally managed in conditions of public monopoly is becoming, even if it is slow, to be open to competition.

Main changes concern:
- division between the institution which rules, programs and funds the service, and which is not any more the agency that supplies the service but which becomes the region, and the institution that manages the production and the sale. Among others, in that way, finally appears the seek for objectives to realise the integrated programming of buses and railway services at the regional level with less waste and a better quality of services on the whole;
- the choice of the operator that is made through a selection done by many persons and not automatically on the basis of a concession act;
- the attendance, in the connection between the region and the operator, of a Contract of Service\(^13\) that regulates the service characteristics that are concerned, the rights and the duties of the parts engaged; to sum up, the regions, in there links with the manager of the network and with the agencies of railway transport, succeeds to the State as the organising authorities and the institutional customers, giving the service and stipulating the relative service contracts.

Such changes, which lean on the institutions, the management and also the operational, are motivated by the exigencies of straightening, that can not be differed any more. The motivations that have led to the exigency to restructure the system essentially concern two aspects that are very closed: the financial aspect and the socio-environmental one.

In Italy, since the seventies, the LPT sector has entered into a crisis and has experienced a financial collapse which is due to:
- a costs increase, in particular the labour cost, in the LPT agencies sector as in the railway transport one;
- a decrease of profits, which is due either to tariffs that are taken at a law level for social reasons, or to a decrease of the demand of collective transport because of the increasing use of individual cars, certainly more comfortable and more flexible compared with the hours and the routes.

The satisfaction of the demand is still expressed in favour of the individual car, in an alarming way, both from the point of view of company deficits that offer collective services (buses and railway) and from the environmental one.

The number of cars, in Italy, actually reaches 5,496,000 in 1965, 10,209,000, quite twice the number, in 1970 (17,686,000 in 1980, 27,416,000 in 1990) and in 2000\(^16\):
32,453,000 with a constant and a preoccupying increase for the urban environment, where external diseconomies of transport are gathered, added and superposed. The reasons for such disinterest for the collective transport are to be found in an increase of income per person that allows the access and the use of individual transport means, which have become more attractive also in view of an inability of the supply of collective transport to adjust itself to a demand which mainly evolves in terms of qualities (local mobility demand is always more adapted in the time and space).

Consequently, the LPT seems to behave as an inferior good, admitting that the progressive increase of revenue for the town and its inhabitants determines a progressive disinterest of this mode for the benefit of others that remain more competitive in terms of time and comfort. In this optic of a LPT seen as an inferior good, admitting that the progressive increase of revenue, the following graph shows the relation, in Italy, between the revenue per person (in lire on the cost of 1995), the owning of a car and the use of local public transport (urban and extra-urban) for a period of 20 years between 1981 and 2000.

For the agencies as much as for the local railway companies, already in the seventies, begins a vicious circle in which the decrease of demand provokes an increasing financing difficulty, and consequently an increasing difficulty of suitable investments plans, in such a way that the service quality is worth or is equal, in view of growing exigencies on the side of the demand, with new loosers of market parts.

To the financial problems from the supply, we must add a transport culture with an inefficiently developed quality (sometimes absent) as much in the railway sector as in the LPT agencies, which is especially due to the operative context of public monopoly and to constant financings attributed by the public administration by periods of 10 years. To sum up the agencies act in an environment protected by a situation of monopoly, an act of financing given on the basis of losses, and consequently, and paradoxically, rewarding the operators with the worst performances.

The following chart shows a preoccupying tendency of the link between revenues of tariffs / costs relatively to 2 years (1967 and 1997, the last year before the settlement of the reform) taken as example of the period of 30 years during which the financial situation of the LPT has constantly deteriorated, with the consequent increase of public contributions to the coverage of the deficits of management.

<table>
<thead>
<tr>
<th>Year</th>
<th>Bus service</th>
<th>Subway</th>
<th>Tramway</th>
<th>Railway on governmental concession</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>70%</td>
<td>85%</td>
<td>61%</td>
<td>33%</td>
</tr>
<tr>
<td>1997</td>
<td>30%</td>
<td>43%</td>
<td>37%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Boitani, Cambini, 2002.

In addition to the individual and collective transport, that foresees the individual car always more dominant in the choices of local mobility, it also exits an unbalanced modal repartition inside the collective transport with an neat advantage for the bus transport. In terms of passengers, the bus services are predominant with 78% of passengers, against 12% for the tube, 7% for the tram and only 3% for the railway.

The quantitative unbalance between the bus and the railway transport is even more significant if we compare the different external costs, per passengers/km relative to the two modes (chart 2).

<table>
<thead>
<tr>
<th>Cost item</th>
<th>Road</th>
<th>Air pollution</th>
<th>Noise pollution</th>
<th>Accidents</th>
<th>Congestion</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT</td>
<td>0.74</td>
<td>2.37</td>
<td>0.75</td>
<td>3.27</td>
<td>0.99</td>
<td>8.11</td>
</tr>
<tr>
<td>Railway</td>
<td>0.31</td>
<td>0.88</td>
<td>2.46</td>
<td>0.16</td>
<td>0.07</td>
<td>3.62</td>
</tr>
</tbody>
</table>

Source: the environmental and social costs of the mobility in Italy - Fourth report of the "Amici della terra 2000".

Insight of the main elements concerning the regional railway transport of passengers in Italy

In order to better understand the range of the transition that is being actually experienced in the Italian regional railway transport, and before coming into the details of the process of the reform, it seems interesting to furnish some data on the company which has supplied the service and on the characteristics of the supply.
At the moment, the Regional Transport Division of Trenitalia (created in May 1999) assures the services of local transport answering the demand showed by the diverse territorial realities through the regional Contract Service. The Division which is articulated on the Italian territory in 19 regional managements and 2 provincials, counts approximately 22,000 workers and proposes each year a supply of 170 millions of train/kilometre, what is quite significant, knowing that it nearly represents 50% of the whole production of Trenitalia (which supplies the globalise of the railway service, that is to say the local and regional transport, the transport of passengers on long distances and the transport of goods). In addition to this, it proposes 65 billions of kilometre-seats making available nearly 6800 trains per day. The kilometres accomplished yearly by the passengers of the Regional Division of Transport are about 19.5 billions, with a daily average of 1.4 billions of passengers (taken on week days). Such figures shows that the market share covered by the regional transport trains reaches 40% of the LPT concerning the extra urban field\(^5\). In addition to this, the potential progress doesn’t lack, if we consider that already in 2000, comparing to the previous year figures are in progress: the number of passengers carried every day (average taken in week day) has gone from 1,122,000 in 1999 to 1,144,000 in 2000, with an increase of 1.5% in comparison with the previous year (in terms of passengers-km)\(^6\).

The increase of the number of passengers indicate that modifications of some elements in the quality and the reliability of the service offered provoke improvements in quantitative terms in the demand. In particular, in order to reach a higher efficiency of the service offered, also trying to rebalance the current modal repartition, the main levers have been of two natures: the organisation and the investments.

Increases during the last three years 1999-2001 (the 1,122,000 passengers carried on average during a week day in 1999, are about 1,144,000 in 2000 and 1,400,000 in 2001) are mainly due to the new organisation structure of the Regional Division of Transport that, through the regional and provincial directions manages to project a profile of the service supply more suitable with the requirements of the user of the same service. And a such rapprochement of the decision taking centre of the LPT to the users, in order to better understand their exigencies, was really a target of the sector reform.

An improvement of the offered service results, in addition to a new organisation structure, in an appropriate investment policy that the regions have already implemented. The Regional Division of Transport has launched an investment program in the main factors which weight on the service (the railway stock, the stations, tickets system, information system...) and a investment plan is programmed for the years 2002-2005 which forecasts a financial engagement of 2,090 millions of euros.

Finally, the principle upon which the service supply of transport doesn’t only consist in a travelling supply is being confirmed; indeed, in a recent logic but still more shared of bus-railway integration and in the aim that they become still more inter modals, it is necessary to draw the attention (and the relative investments) on the travel as a service composed of many elements, all necessary for the travelling: the acquirement of a ticket, the access to the terminal, the waiting, the very transport, and finally the arrival.

In that way, the investments can’t be referred to the sole quality of moment transport (inside comfort of wagons), but should be thought and done in a coordinated way with the others transport modes, individual or collectives, and with the travel exigencies of the users, as explained above, and no more the exigencies of a mere travel. Such “inter modals” or “integrated” investment programs require a better coordination between the operators of the different transport modes and between them and the local institutional reality (Regions, provinces, communities) in quality of competent organs to complete the programming of the services knowing the mobility exigencies of the local communities.

In the same way, by wanting a better organisation between the different modes of transports and forecasting an organisation of the mobility services which would integrate bus, the regionalization of the LPT (which is one of the main instigators of the reform) is a fundamental objective for the restructuring of the sector.

The reform process of the regional railway transport of passengers

With the new legislation of the LPT, the ruler has redefined the role of the regions in matter of programming, administration, financing and services control.

The new legislation forecasts, indeed, to delegate to the regions with normal status such abilities in matter of local interest railway service. Regions have to program the supply, to manage the planning and to define the necessary services to satisfy the exigencies of the users’ mobility. Via the contract service the region sets the required conditions for the service that will be provided by the company which will have the best supply\(^7\) of the invitation of tenders process.

What is positive and new for Italy is the unifying of the responsibilities of the programming and the financing of the services, whereas, until the reform, the responsible of the service programming was also the service operator and he was funded by the State. With the new reform, there a transfer from the State to the regions, and the latter are more autonomous concerning the decision of the modalities of spending (they can decide to substitute buses services to railway one or vice versa).

The state of achievement of the reform doesn’t allow yet to dress a positive account of the regionalization experience in terms of traffic evolution, of revenues and investments. The Regions, indeed, have recently finished to sign the experimental Service Contracts with Trenitalia, and the transfer to the Regions of economical resources needed for the development of the local public transport is still very new. In the following chart, in all cases, what is precise is the trend per Region (trains-km), on the basis of equivalence
established by each Service Contracts, and on the amount of equivalence in train-km.

We can see the difference of allowances between the regions, with a high level for the region with a special status, and anyway, to the Southern regions.

Such a discrepancy, which is not particularly linked with the function of costs, drifts from the discrepancy of revenues, largely inferior in the South of the country.

In that way, a major care is really necessary for the quality of the services and for the demand of the users, as it is supported by the spirit of this reform.

<table>
<thead>
<tr>
<th>Region</th>
<th>Trains-Km (millions)</th>
<th>Equivalent (thousand euros)</th>
<th>Equivalent / Trains-Km (euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piemonte</td>
<td>19.9</td>
<td>161,393</td>
<td>8.1</td>
</tr>
<tr>
<td>Lombardia</td>
<td>19.4</td>
<td>167,332</td>
<td>8.6</td>
</tr>
<tr>
<td>Veneto</td>
<td>12.1</td>
<td>86,558</td>
<td>7.2</td>
</tr>
<tr>
<td>Liguria</td>
<td>6.9</td>
<td>65,538</td>
<td>9.5</td>
</tr>
<tr>
<td>Emilia Romagna</td>
<td>12.1</td>
<td>64,144</td>
<td>5.3</td>
</tr>
<tr>
<td>Toscana</td>
<td>18.2</td>
<td>142,594</td>
<td>7.8</td>
</tr>
<tr>
<td>Umbria</td>
<td>3.6</td>
<td>27,011</td>
<td>7.5</td>
</tr>
<tr>
<td>Marche</td>
<td>3.6</td>
<td>28,198</td>
<td>7.8</td>
</tr>
<tr>
<td>Lazio</td>
<td>15.4</td>
<td>141,148</td>
<td>9.2</td>
</tr>
<tr>
<td>Abruzzo</td>
<td>4.3</td>
<td>31,555</td>
<td>7.3</td>
</tr>
<tr>
<td>Molise</td>
<td>2.0</td>
<td>17,063</td>
<td>8.8</td>
</tr>
<tr>
<td>Campania</td>
<td>11.9</td>
<td>120,541</td>
<td>10.1</td>
</tr>
<tr>
<td>Puglia</td>
<td>6.7</td>
<td>42,711</td>
<td>6.4</td>
</tr>
<tr>
<td>Basilicata</td>
<td>2.0</td>
<td>20,503</td>
<td>10.3</td>
</tr>
<tr>
<td>Calabria</td>
<td>6.7</td>
<td>63,989</td>
<td>9.6</td>
</tr>
<tr>
<td>Regions with ordinary statute</td>
<td>144.8</td>
<td>1,180,879</td>
<td>8.2</td>
</tr>
<tr>
<td>Independent Regions</td>
<td>23.8</td>
<td>218,203</td>
<td>9.2</td>
</tr>
<tr>
<td>Total</td>
<td>168.6</td>
<td>1,399,082</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Source: Trenitalia

**Chart 3: trains-km and equivalence established by the service Contracts between the Trenitalia and the Regions (2001)**

The changing process indicated by the reform is being pursued with the institution of proceedings of invitation to tenders for the choice of the operator; from the 31.12.2003, the assignment of service will have to be done through public proceedings, whereas until this date, regions could maintain the rights presently given. The law confirms the existence of a transient period that is necessary for the transition to the regime of competition which must be gradual and correctly done.

The transition from a monopoly state to a competition one is complicated by at least two types of problems, one which is relative to the sharing of competencies and another one concerns the financing.

Concerning the first one, one of the main problem is the acquirement of new abilities by the regions which have to deal with the programming, the administration and the financing of services and they have not an adequate staff prepared to bring the tasks off, which, until the beginning of the sector reform, were directly executed by the agencies that furnishes the service.

Among others, the planning moment becomes particularly important in a view of development of the modal integration and, afterward, in a view of pursuit of a logic of lasting mobility. The important role of actor of the LPT is being performed by the regions which will have to plan the services network that will integrate the bus and railway transport.

The region shall find in the transient period the time needed and the trying period to acquire the specific competencies that are needed.

The financial problem concerns the transition of resources from the State to the regions, transition on which depends the ability of the regions to succeed in these new functions. Concretely, on the case of transfer of resources, that has only begun in 2001, much late have been accumulated which have made the process of the sector restructuring slow down.

Nonetheless, in spite of the “congenital” slowness in a changing process with such an important scope, and the slowness brought about in the regions and companies organs by the fear to lose all or a part of the advantages of the positions they had before the reform, the process has been set up and the change of the institutional and organisational aspect seems to be deeper.

The railway transport historically stands on the output of a public operator, unique and largely dominant, in a monopoly position except in exceptional cases quite limited (railway conceded), is submit to two procedures of changes: the “deverticalisation”, with the sharing out between the manager of the infrastructure and the suppliers of services (following the law 91/440/CEE) and the opening to competition by the market and the principle of regionalization of the LPT.

The advancement state (even if it is slow) of the works reveals that the reform is going on on two fields:

- Transfer of the competencies from the State to the regions with the approval of the regional laws settled by the reform, an approval done by every regions with an ordinary status;
- Approval of the first service contracts which regulate the connections between the regions and Trenitalia in view of invitation to tenders which will begin at the beginning of 2004. The contracts already made show, from the institutional purchaser, a greater attention to the efficiency aspect of services including, through mechanisms of bonus - premium, the theme of improvement of quality, the integrated price setting, investments, and they also reveal a greater attention on the aspect of the efficiency aiming the coverage of at least 35% of the operational costs with the traffic revenues.

More slowly on the contrary, is being settled the exercise of the programming power of the regional mobility in its whole from the regions; indeed none of the documents of planning such as the Piani Regionali dei Trasporti are complete. Any documents concerning the planning that integrate the railway and buses have been edited.

However this last point would be an extremely important theme, the integration of the railway and the bus and the revival of the train on short distances and as an urban and
extra-urban mode of transport have been for long under evaluated in the research of solutions to problems of congestion and of urban mobility costs. “This is really in the urban and metropolitan environments which we are talking about, that is set up one of the great strategic opportunities for the railway transport, considering that, in a very polluted and with a traffic congestion system which is characterised by an excessive fiscal weight of public transport, it represents a non polluting transport mode (locally), in a protected site, and whose costs per users/km are largely inferior than the bus transport (on the condition that minima of acceptable scales remain)”.77

If until now, we have deal with the reform of the LPT as something that puts in common the desinies of the bus and the railway transport, we must stop now on some differences between the consequences of the reform for both transport modes.

In the case of railway transport, according to the application of the CEE 91/440 law, there was a separation between the transport service of the infrastructure, and, in that way, we have a society which manages the infrastructure and which is under the public control (Italian Railway Network), and a (potential) plurality of societies that exercise the transport service.

So it is clear that if, in the case of the LPT by bus, there are two contributors that are opposed following the reform, that is the region (or local administration) on one side, and the service operators which participate in the invitation to tenders process on the other side. We find, in the case of the application of the reform to the railway sector, a third speaker that is the management society of the infrastructure, which is in charge of the attribution of the time lines (criteria, modalities, priorities, tariffs, revocations patterns, sanctions...).

In the existence of a third organism in the case of the railway transport is an element of difference, there is no difference, but on the contrary, concerning the interests conflict and the lack of transparency, at least potential, during the programmed invitation to tender:
- in the case of the LPT by bus, because of the unification with the older local and municipal companies to local administrations which is no yet ruled (they still remain the property of territory administrations), there is a risk of superposition of roles by the local administration, that organises the demand, that regulates the market and owns one of the company that takes part in the invitation to tender (with an evident interests conflict);78
- in the case of the LPT per railway, the conflict is generated by the fact that the society which manages the infrastructure (FRI, under public control) must allocate the tracks to the service supplying societies, and among them are the public societies such as Trenitalia or regional ones settled by some regions and the FS, or previous railway companies in concession. “It would be a project that would certainly not contribute to the creation of an incumbent (traditional operator) more difficult to be competed because all the interests that already exist would have participate”79. The competitive advantage of such societies would also drift because of having all the rolling stock already acquired with the public funds. The problem could be outdone with the constitution (as it has been done in the United-Kingdom) of private societies of leasing to which may be given the property of the rolling stock that after could be rented to the interested which, after a cooperation, has obtained the right to supply the service.

Conclusive reflections for Italy: the weaknesses of a valid reform in its principles and its probable positive consequences

During the last decades, the role of the railways in the transport sector has undertaken a continual decrease which, above some specificities, is more similar in the different countries and in particular in France and in Italy. It is also comparable that to arrive to an reverse of the tendency of this decline, it is necessary to lead, not only a restructurin of the companies, but also an institutional reform towards a liberalisation of the sector.

In Italy, the railway transport sector experiences a difficult transition from an organisation that is strongly supported by a public production and an important centralisation that is present in the planning and the management of infrastructures and services, to an organisation that is characterised by the opening to the market of the service management, and by the regionalization of an important part of the planning and the regulation of the transport.

Nonetheless the application of liberalisation principles to the railway market have been, in a global way in Europe, and also in Italy, characterised by an evident slowness which causes can be summed up on the following way:
- hesitations in every European countries, preoccupied first to put back on its feet the national companies before that the “threat” of a confrontation between several railway operators go from a episodic and contained phenomenon to a systematic and diffuse rule;
- same prudence from the decision makers organs of the European Union in the attempt to impose the application of liberalisation laws.

Indeed, we have to observe that it is about a market with considerable barriers at the entrance, and consequently, particularly difficult to open to competition. In particular we are referring to the high costs launches (rolling stock, specialized staff, trade networks are examples among many others), to the presence of informational technical and commercial asymmetries, to the high costs of work and the high level of unionisation, to the presence of dominating traders that receive allowances and that often create interests conflicts with the networks traders because of the public property, and finally to the frequent absence of regulating authorities independent enough to assure a suitable care on the sector.

Taking into account the weaknesses of the restructuring process of the sector, and keeping in mind that the reform is
now, by the end 2002, only starting to be applied, we can say that even if the objectives are valid, it shows weaknesses in its tools for the reach of its goals. The possible threat in view of the accomplishment of the whole project of the regional railway transport can be defined as following:

- Confusion of the roles and consequent collusions or conflicts. The defined plan represent a complex system in which many actors intervene. It is essential that the roles of the regions must be well defined (programmation of the regional mobility, and institutional supplicant of the service), of the exploitation of the infrastructure, and the supplier of the service. The complexity of the transition and the attempt to defend interests and positions that already exist can nonetheless favour a partial superposition of functions, as in the hypothesis of a constitution of regional railway societies. This because of many possible interests and or collusion conflicts: between the regions and the winner of the invitation to tender, between the manager of the infrastructure and the railway transport company (attributions of the time lines), or also between the regions and the incumbent, when it is de facto preferred as the service agent for political, social or unions principles.

- Advantages to the incumbent. They come from a potentially unequal access to the inputs (the relative problems of assignment of the lines already mentioned, of the owning of the rolling stock, of the staff training), of the size of the other operators (the operators that already exist are too little and not enough), political and union pressures (caused by the preferable maintaining of the status quo).

- Difficulties of programming. Because of the frequent techniques which are not enough in the programming of the needs from the regional administrations, the settlement of the reform would not bring a better answer of the regional demand to the effective exigencies of the users.

- Difficulties linked to the sequence of the process of invitation to tender. The danger is the invitations to tender are de facto reduced to invitations to tender for the management, which maintain the position’s rent, the importance and the cost of staff, the existing services, that compromise the possibility to effectively develop the efficiency of the effectiveness of the service.

- Difficulties linked to the Contract service. Here are linked several problems to the efficient application of the contract services between the regions and the railway companies, drifting in particular from:

  - The definition of the type of contract⁶, and in particular the opportunity to stipulate net costs contracts in order to encourage the owners of services not only to reduce the costs but also to increase the revenues;
  - The definition of incentives tools to improve the efficiency from the supplier of the service⁷;
  - The assessment of the service quality
  - The difficulty of the supplier to understand the satisfactory degree of the objectives and the exigencies of the final demand.

- Difficulties coming from the tendering procedures to functionally integrate transport mode (for pricing issues for example), especially for buses and urban transport.
- Inefficient fiscal and financial autonomy of the regions. It is a transversal problem, in a way, in view of the several sectors of the economy, and incidents on more than one of the former points.

In spite of the difficulties and weaknesses of the reform process, the defined system, relying on two pillars which are the liberalisation (and the potential privatisation) and the regionalization, appears capable, at least in its principles, to develop whether the productive efficiency via the re-introduction of competition and free market mechanisms, whether the efficacy of the service in view of the exigencies of the local community through the increase of the regional power.

Anyway, an important place for the railway transport is going to be the complex target of the urban and metropolitan mobility. And in particular it begins to be recognised as fundamental in the management strategies of the mobility of big urban areas, as it enables to simultaneously develop the efficacy, the efficiency and the durable development of transport. Indeed the capacity of the LPT is strongly associated with the growing metropolitan typology: "the railway transport can come on top on in an urban / metropolitan pattern of a monocentric radial type (cities like Genoa, Milan, Turin, but also some big southern cities), but even more in urban systems of type polycentric (these are examples of the Venice system and of Toscane’s)"⁸.

Above the difficulties we have dealt with, there is a reform logic which, probably, aims at making significant transformations:

- Concerning the supply, with a costs reduction, a reorganisation of the network and the limitation of the negatives externalities. The perspective to participate in a system of invitations to tender constitutes indeed an important stimulator to reorganise and put in order economically and financially the companies;

- Concerning the demand, mainly in a sense of a bigger attention to the service quality. The respect of established conditions in the contract service and, even more, the stimulator coming from the need to participate to an invitation to tender for the service affectation, should benefit market oriented behaviours from the operators. They should pay a greater attention to the marketing (sector that has been absent form the Italian companies of the LPT until today), in the development of qualitative standards and in their reinforcement;

- From the institutional point of view, with the split of the political role from the contractor’s and the programming that has been correctly given to the political decision makers, while, in a so correct way, it remains on the company to ensure the most possible efficient management in view of the quantitative and qualitative demand expressed by the community via its political representatives.

It is probable, finally, in the middle and long term, that the
market provokes important concentrations, with the
assessment of big groups, maybe international, in high
competition. It should also be developed in this sector, and it
is the spirit of the reform, a corporate culture and competition
which may attract private companies and capitals, with the
possibility to finance investments, innovative and more
efficient transport systems, capable to win market shares and
maybe to generate positives consequences for the
employment.

Conclusion
In both our countries, France and Italy, the railway transport
has experienced, for the last three decades, a period of
continual decline, in particular in the regional railway
transport of passengers (Chauvineau, 2002). In order to
invers this tendency and under the impulse of the European
Union (Directive 91-440), a large reform has been settled: the
heart of this reform deals with the share between transport
and management activities of the infrastructure that has been
effectively settled in both our countries (Haenel, 1993).

Another side of the railway reform precisely aims at revitalise
the regional railway transport of passengers through the
transfer of this competency from the central State via the
national operator to the regions which become now
organising authorities in both countries. Mentalities have also
changed: facing up with the more and more important
problems of congestion in the urban environment, the
regional railway transport seems to be the appropriate
alternative to the personal car mobility in France as in Italy.

Both countries agree on this first point: we can observe a
collective awareness of the railway role in the balance of the
mobility in the urban and suburban environment.

In France as in Italy, the split of the transport and the
management activity of the network have led to deep
changes, especially in Italy which has gone farer since the
regionalization is linked with a progressive liberalisation of
the sector thanks to the settlement of regional invitations to
tender for the regional railway transport services and the
opening to competition (new comers) for the railway
transport activity, even if these arrangements remain
"theoretical". On that side, France remains in the background:
the matter is not to open the network to new comers for the
regional railway transport. The SNCF remains in a monopoly
situation. Thus, and more clearly in France than in Italy, one
of the brake of the regionalization reform in both countries
concerns the primary which is implicitly given to the national
operator that must be kept whatever reforms are started. So
we observe, especially in Italy, voluntary breaks in the
advancement of the reform in order to allow the national
operator to have the time to adapt and react. In both countries,
we also observe a too weak contribution of the central State
in financial charges linked to this regionalization: Italian and
French regions criticize too low allocations they receive for
this new mission.

France and Italy are nonetheless different on the question of
competition and the arrival of new comers: contrary to Italy
which, shily, opens its regional network of railway to new
comers, France controls this regionalization reform giving
only to the SNCF the role of regional transport operator, what
annoys regions: this element constitutes a serious brake in the
success of the reform in France: the French market is so not
opened to new comers. On this field and for the moment
simply in Italy, it appears that the railway market is
characterised by important entry costs that make an opening
to competition complex, through informational asymmetries
of technological and commercial nature, through a high cost
of work and a high level of unionisation. On the French side,
another important weakness remain in the fitting of the
different levels of power in charge of the collective transport,
what makes the readability and the efficacy of global
transport plan: towns and communities are in fact in charge of
the urban transport, departments are in charge of the
departmental transport by bus and regions of the railway
transport: there is consequently a superposition of abilities
that is prejudicial for the general readability of the whole and
to its efficiency. In Italy, such questions of institutional
deadlocks also seem to appear in the confusion of roles
between the several actors and also interest collusions and
conflicts. In both countries but especially in Italy currently,
the historical operator has a certain advantage (rolling stock,
lines, political pressure in its way,...).

The perspectives of the reform are good for both countries,
especially in Italy which is in a regional pattern that functions
on the principle of invitations to tender and contract services,
which remain nevertheless a little opaque. Only France
present a first numberered assessment of the regionalization
reform impact. It is still a bit too early to present such results
in Italy. Nevertheless, we can see in both countries an
increase of the regional railway supply and especially an
increase of the service quality, both countries having settled
initiative measure and quality control indicators in the train as
in the stations. In the same way, the first intermediary results
also reveal a fall of costs, as it happened in Sweden when
they reformed the railway: invitations to tender for the access
to the regional market had indeed led to a drop of nearly 10%
of the global costs supported by the regions.

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www.fs-online.it, Carta dei Servizi, 2002.

NOTES

1 The first section of the paper (The French regionalization: a deep reform) is written by Laurent Guibéry; section two (Regionalization of railway transport of passengers, validity and limits of the Italian reform) is written by Claudia Burlando.

2 CFTA if a train operator which is sub-contractor for the SNCF in some Regions, for example the Bretagne regions.

3 Legislative law 19.11.1997, n°422 “Attribution to Regions and local administrations of functions and tasks concerning the local public transport, relative to the article 4, paragraph 4, of the law 15.3.1997”, GU (Gazetta Ufficiale) n. 297 of the 10.12.1997. the law project has been successively modified by the legislative law 20.9.1999 n. 400. it is then specific laws of the different regions that give the great lines stabilized by the reform.

4 During the nineties, the European Union laws concerning the railway transport are leading to an economic and functional shift of the infrastructure management (that is still under a public control), of the service production and the liberalisation of the service market. The laws 91/440/CEE and 95/19/CE have been taken by the DPR (Decreti Presidenza della Repubblica) in Italy 8/71198 n.277 and 16/3/1999 n. 146. after a readjustment, the Ferrovie dello Stato (the Italian national society of railway, the equivalent of the French SNCF) has organised through four divisions: Infrastructures, local and regional transports, passengers transports, goods transports. The division in charge of the Infrastructures has then become the Rete Ferroviaria Italiana (the Italian railway network), (under the control of the FS), the three others are gathered in Trenitalia, which is the society in charge of the service.

5 The aspects of the service quality are clearly described in the Charter of Services (Carta dei Servizi) that takes into account the following factors: property, comfort, information to the customers, number of services delivered, regularity and punctuality, modal integration, help for the disabled, communication possibilities between the users and the transport agency.

6 The estimation of the accumulated deficits during the nineties, in spite of the important financing of the State, for the transport by bus, tramway and the Navigation of the period only, Claudio Burlando.

7 From the name of the Navigation and Transport Ministre in these days, Claudio Burlando.

8 Legislative decree 400/1999, 18th art, paragraph 2a

9 the Contract Services stipulated, until today between the regions and Trenitalia FS SPA predict obligations of qualitative improvements of the service and sanctions in case of non respect of the settled standards, obligations to realize of tariff system in every modes of transport on the local scale, an engagement to the coverage of at least 35% of the operational costs with the revenues that come from the traffic. In view of such innovations introduced by the reform and the services Contracts, we see a financial and a qualitative recovery of the local transport supply.

10 Source: Transports and Navigations Ministry, 2000

11 buses service, railways conceded, tramway and subway

12 for a more detailed study of the financial analysis relative to the LPT sector, you shall refer to Musso Burlando, Pelizzoni, 2001

13 Boitani Cambini, 2002, page 47

14 www.amicidellaterre.it

15 source: Services Charta, 2002

16 Gallico, 2001

17 basic criteria from which is chosen the company that will be in charge of the suppletion of the service are technical and economic criteria

18 for the view point see Boitani, Cambini (2002).

19 Nonetheless, the law n. 166 of the 1/8/2002 (art. 11, alinea 3) seems to concede the opportunity to throw break to the beginning the procedures of invitations to tender to the 30/12/2005 concerning the railway networks conceded. The disposition is actually (autumn 2002) the study to the government that shall furnish an interpretation of the subject.

20 It is forecast to exclude from competition agencies that manage services in direct supervision, except for the invitations to tender which should have as object services already supplied by the depositor.

21 “ Resources that the Minister of transports has transferred to the regions with the common status for 2001 are about 1.20 billions of euro” Newsletter delle Ferrovie dello Stato – Anno IV – n.5, maggio 2001.

22 To sum up, accumulated late because of, before being able to stipulate a Service Contract between regions and railway societies, the ministerial decree had to be published and the agreement between the State and the regions concerning sources to transfer, both executions have been made with huge late and they have led to a consequent shortage of the transient period of only three years(2001-2003). During these three years, during 2001, experimental contracts have been signed to solve reports, then the stipulation of biannual have followed for the period 2002-2003, that has also come with late.

23 On this point we can also see Musso, Ferrari, 2002.

24 For an analysis of the progress of the LPT reform and of the railway transport, we can also see Federtrasporto, 2001, and Musso, Ferrari, 2002.
It stills been made clear, nevertheless, how will be evaluated the qualitative improvements and the reach of the objectives set by the service contract.

The legislative decree of the 19.11.1997, n. 422 already stipulated the obligation to cover 35% of the operative costs with the revenues coming from the traffic, admitting that Italian local transport companies start from the situation cost-revenue which is far from the engagement of 35%.

Musso, Ferrari, 2002.

On the theme of problems brought by the reform, we will refer to Musso, Burlando, 2001, p.303-310.

Boitani, 2000

Art.19 paragraph 1 of the decree n.422/1997.

Art.19 paragraph 4 of the decree n.422/1997.

Musso, Ferrari, 2002.