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 inverse 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 French 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 (I) 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 operator, 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, 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 decline in France and 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.

1. The French regionalization: a deep reform

For France and its centralised tradition, the regionalization is not a light reform. It represents a whole program (Chavineau, 2002). If it starts "silently", excepting the different logos of experimental regions that have flourished on the TER (Express Regional Trains) and on the inter-regional one, the transfer of this new competency to Regions has immediately taken an important place in the budgetary choices of the Regions as the investment in transport, and consequently in the railway, are situated just behind the education and training department (between 25% and 30% of budgetary expenses on average for transports and approximately 40% for education and formation, Rhône Alpes Regional Council, 1997). The region Provence Alpes Côtes d'Azur expects to multiply by 10 its investments in the railway. The region Bretagne will increase its effort in the railway by a factor of 6 in comparison with the previous contract of State-Region Plan. Regions equip themselves with new high quality railroad materials (conditioned air, panoramic windows, low floor); they recruit in all directions and they negotiate with the French Network Operator (R.F.F.) to develop investments in the railway infrastructure: it takes a great step forward in terms of decentralisation; the region establishes itself as a central crux of transports, services and eventually information networks. It is at the heart of the link between the 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 Trains 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. Only 13% of them use a collective transport in the Rhône Alpes region and 20% in big French and Italian cities, which is more due to the presence of urban transports (bus, subway, tramway) than to the regional railway transport.

	Rhône-Alpes	France
Nombre de déplacements par habitant et par jour Dont : avec un moyen de transport mécanisé	3.4 2.7	3.2 2.4
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 Transport, nov. 97, Conseil Régional Rhône-Alpes

Table 1: the French and Rhonalpian mobility

	Ensemble de la région	Grandes agglomérations
Voiture particulière	83%	75%
Transports collectifs	13%	20%
Deux-roues	4%	5%
12 millions de déplacements quotidiens en automobiles en Rhône-Alpes		

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

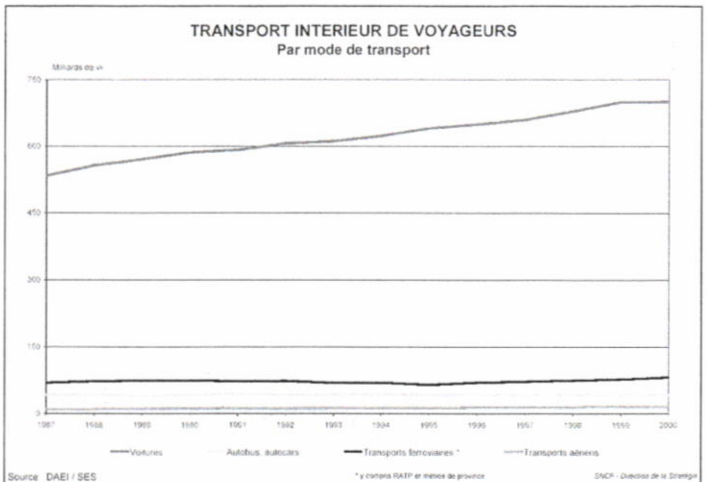
Source: Schéma Régional des Transport, nov. 97, Conseil Régional Rhône-Alpes, Enquête transport INSEE, Enquête ménage

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 sub-urban 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?

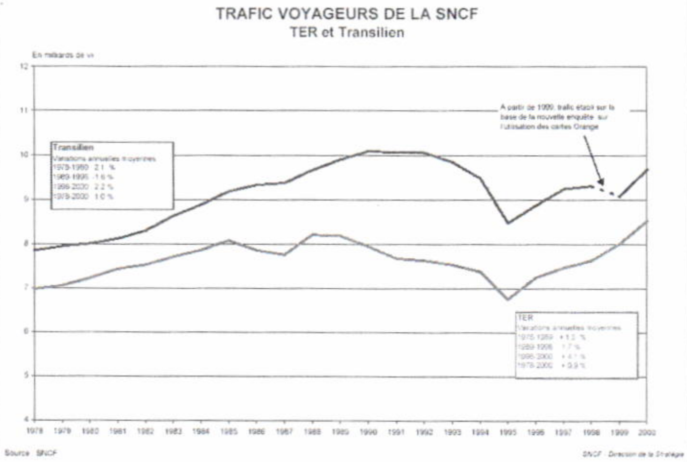
As regards of France, the attraction for the railroad must be immediately restarted in terms of collective welfare if we now position ourselves in a more dynamic optic as the role of railway transport doesn't stop to decrease on a long run facing personal car. The railway could not hope for something 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).



Graph 2: passengers traffic of the SNCF for Regional trains (in red (TER) – second curve) and Paris region trains (in blue (Transilien) – first curve)

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 billions 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

Regions	Increase in traffic 1999/1996	Increase in revenues with contributions 1999/1996	Increase in supply 1999/1996	Investment in the rolling stock material*	Modernising investments*	Total in investments in rolling stock material*	Contribution of local and regional authorities to the financing of railway investment 1990/1999
Alsace	16,13%	10,59%	16,3%	353	72,6	426	452,9
Centre	15,00%	16,15%	21,1%	1050	167	1217	981,8
Nord-Pas-de-Calais	0,57%	0,15%	4,8%	1190	0	1190	882,2
Pays de la Loire	17,43%	13,40%	9,1%	420	1	421	395,6
PACA	6,04%	11,15%	3,8%	1386	0	1386	1122,5
Rhône-Alpes	19,84%	19,95%	15,8%	1259	89	1348	1534,9
Total of the 6 first experimental regions	12,38%	12,02%	12,0%	5658	329,6	5988	5360,9
Limousin	0,90%	0,21%	-0,8%	168	14	182	165,7
Total of the 6 first experimental regions + Limousin	12,07%	11,71%	11,2%	5826	343,6	6170	
Aquitaine	7,00%	5,87%	5,1%	336	0	336	411,6
Auvergne	5,35%	5,74%	-0,8%	121	0	121	90,1
Basse-Normandie	8,47%	5,67%	0,3%	642	0	642	1428,3
Bourgogne	- 2,16%	-3,79%	7,0%	75	6	81	64,8
Bretagne	11,05%	9,94%	4,1%	140	33	173	118,3
Champagne-Ardenne	- 4,42%	- 3,62%	4,8%	37	0	37	32,7
Franche-Comté	- 3,05%	- 0,94%	0,5%	37	11	48	33,1
Haute-Normandie	18,35%	17,67%	2,2%	74	0	74	228,2
Languedoc-Roussillon	5,93%	4,98%	- 1,8%	205	8	213	209,9
Lorraine	3,22%	3,35%	3,0%	0	17	17	150,3
Midi-Pyrénées	9,53%	9,60%	4,3%	336	4	340	528
Picardie	11,14%	15,02%	0,9%	47	52	99	702,6
Poitou-Charentes	10,18%	8,11%	- 6,2%	140	0	140	116,4
Total other regions	6,35%	6,67	2,4%	2190	131	2321	
Total	9,35%	9,32%	6,6%	8016	474,6	8490,6	

*those figures given in millions of francs relate the new or restored equipment delivered between 1997,January the 1st and 2000 January the 1st in the same way that the equipment on demand the 1st of January 2000.

Table 3: the assessment of the regionalization experimentation

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 administered 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 million 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 Interregional Observatory of Politics, in a survey carried out by the SOFRES among 700 persons, reveals 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 betweens cities. A

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, Rhone 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 – Reseau 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 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 suburb 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 (Faivre D'Acier, 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 of 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 Hérouin (Crozet et Héroin, 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 manager 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[3].

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[4] (and consequently to a superior level of efficiency and quality of services[5]) and the settlement of a common market of the LPT;
- the reform, on the Italian level, of every sectors of publics services managed by the local administrations (Regions, Provinces, Cities);
- the limitation of public spending. Important and increasing deficits of public transport companies[6] begin, finally, to be taken into account.

All things considered, the reforming law of the sector, also known as the Burlando law[7], 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 furnisher 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…"[8]

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[9] 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.

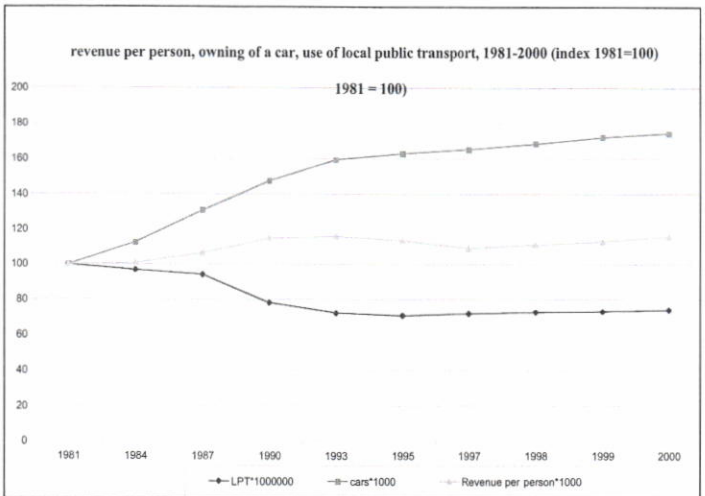
In Italy, since the seventies, the LPT sector has entered into a crisis and has experienced a financial collapse which is due to:

- 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[10]:

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 a 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 temrs 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)[11] for a period of 20 years between 1981 and 2000.



Graph 3: relation between the revenue per person, the owning of a car and the use of local public transport

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 looses 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 a 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 deteriorate[12], with the consequent increase of public contributions to the coverage of the deficits of management.

	Bus service	Subway	Tramway	Railway on governmental concession
1967	70%	85%	61%	33%
1997	30%	43%	37%	17%

Source: Boitani, Cambini, 2002.

Chart 1: tariffs/costs revenues 1967, 1997

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[13].
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).

	Greenhouse gas	Air pollution	Noise pollution	Accidents	Congestion	TOTAL
Road	0,74	2,37	0,75	3,27	0,99	8,11
Railway	0,31	0,88	2,46	0,16	0,07	3,62

Source: the environmental and social costs of the mobility in Italy – Fourth report of the "Amici della terra 2000" [14]

Chart 2: cost of transport per passenger – km (cents of euros)

The consequences of such an unbalanced situation are considerable on the environmental point of view for the public finances. In that aim, the Italian reform aims at restructuring the sector thanks to the regionalization of local transport and the opening of the market to competition. And, with a more adequate policy of investments, not only to report the parts of demand of private transport toward the public transport, but also in the field of public transport, of road transport towards the railway transport.

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.