Analysis of the financial situation of railway undertakings in the European Union

Final report

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List of abbreviations

Abbreviation	Translation
ADIF	Spanish Infrastructure manager
CD	Czech Railways
CFL	Luxembourg Railways
CHF	Swiss Franc
CP	Portuguese Railways
CTL	Chem Trans Logistic
CZK	Czech Coruna
DB	German Railways
DGTREN	Directorate General of Energy and Transport
DLC	Dillen et LeJeune Cargo
DRS	Direct Rail Services
DSB	Danish Railways
EC	European Commission
EEK	Estonian Kroon
ERS	European Rail Shuttle
EU	European Union
EUR	Euro
EVR	Infrastructure manager in Estonia
EWS	English Welsh Scottish Railways
FER	Ferrovie Emilia Romagna - Integrated Italian Railway Undertaking
FEVE	Spanish Narrow Gauge Railways
FGC	Catalan Railways
FNM	Ferrovie Nord Milano - Regional railway undertaking Milan
GBP	Pound Sterling
GIF	Former Spanish Infrastructure manager
GKB	Graz - Koflacher Bahn und Busbetrieb
GNER	Great North Eastern Railways
HGK Koln	Port and Freight Transport Cologne
HSL	High Speed Line
HUF	Hungarian Forint
IE	Irish Railways
km	Kilometre
LD	Latvian Railways
LTL	Lithuanian Litas
LVL	Latvian Lats
MAV	Hungarian Railways
MTAB	Malmtrafik i Kiruna AB

MTAS	Malmtrafik i Kiruna AS
N/A	Not applicable
NMBS	National Belgian Railway Undertaking
NOK	Norwegian Kroner
NS	Dutch Railways
NSB	Norwegian National Railways
OBB	Austrian Railways
OSE	Hellenic Railways
p.p	per passenger
PKL	Polish Railway Lines
pkm	passenger-kilometre
PKP	Polish Railways
PKP LHS	Polish Railways -Linia Hutnicza Szerokotorowa
PLN	Polish Zloty
PSO	Public Service Obligation
RENFE	Spanish Railways
RFF	French Infrastructure manager
RFI	Italian infrastructure manager
RHK	Finnish Rail Administration
RLI	Railion Italia
SEK	Swedish Krona
SJ	Swedish Railways
SKK	Slovak Koruna
SNCB	National Belgian Railway Undertaking
SNCF	French Railways
SZ	Slovenian Railways
SZDC	Czech Infrastructure manager
tkm	tonne-kilometre
UK	United Kingdom
USA	United States of America
VR	Finnish Railways
ZSR	Slovakian Infrastructure management
ZSSK	Slovakian Railways

Executive summary

For the member states of the European Union and Norway and Switzerland, the railway undertakings with an annual turnover of at least € 50 million have been analysed with respect to their financial situation and compliance with EC regulations regarding separation of accounts, cross subsidies and public support. Therefore the annual accounts of the 96 railway undertakings presented in the tables below have been consulted and analysed in order to answer for the following questions each undertaking:

- Are separated accounts available for freight and transport services and for transport services and infrastructure management?
- Are the accounts clear with respect the non existence of cross subsidies?
- Is the public support transparent?
- How is the railway undertaking operationally and financially performing?

The findings of the study are summarized for each of the 96 railway undertakings in the tables in this summary.

Before summarising the observations of this analysis, it should be noted that not all the information was available. On various information requests sent to the railway undertakings no response was received. The table below shows for which companies information was available, and if so, whether or not the separation of accounts is compliant with the EC regulations and whether or not any (suspicion of) cross subsidies are encountered in the published accounts and financial statements. Furthermore, the table indicates whether or not the public support is transparent. Amounts and division of public support, when available, are to be found in each country report.

Compliance

Table 0.1 shows an overview of the findings regarding compliance per company studied. Compliance issues studied are separation of accounts, cross subsidies and the transparency of public support.

Table 0.1 Summarizing overview

Country	Company	Information available	Separation of accounts	Cross subsidies encountered	Transparency of public support
Key:		● None ◍ 2003 ○ 2004	● None ◍ Limited ○Yes	● Yes ◍ Audit required ○ None	● None ◍ Limited ○ Transparent
BE	NMBS	○	○	●	◍
BE	NMBS Freight (from 2005 onwards: BCARGO)	○	○	◍	◍
BE	Dillen et LeJeune	●			

Country	Company	Information available	Separation of accounts	Cross subsidies encountered	Transparency of public support
Key:		● None ◍ 2003 ○ 2004	● None ◍ Limited ○Yes	● Yes ◍ Audit required ○ None	● None ◍ Limited ○ Transparent
CZ	SZdc	○	◍	◍	◍
CZ	CD	○	◍	◍	●
CZ	Viamont	●			
DK	Banedanmark	○	○	○	○
DK	DSB	○	○	○	◍
DK	Arriva Denmark	○	◍	◍	●
DK	Railion	○	◍	◍	○
DE	DB-Netz	○	○	○	◍
DE	DB-Fernverkehr AG	○	○	○	◍
DE	DB Regio AG	○	○	◍	◍
DE	Railion (formerly DB Cargo)	○	○	○	○
DE	Arriva	●			
DE	Connex	●			
DE	TS Logistik	●			
DE	Rail4Chem	●			
DE	HGK, Köln	○	○	◍	◍
EE	EESTI RAUDTEE (EVR)	◍	●	◍	●
EE	Elektriraudtee	●			
EE	Edelaraudtee	●			
EL	OSE	○	●	◍	◍
ES	RENFE	○	●	◍	○
ES	Euskotren	○	◍	◍	◍
ES	FGC	○	●	◍	○
ES	FEVE	◍	●	◍	○
ES	GIF	●			
FR	Keolis	○	○	◍	●
FR	SNCF	○	○	◍	◍
FR	RFF	○	○	◍	◍
IE	Iarnrod Eireann	○	●	◍	○
IT	FNME	○	○	○	○
IT	FN Cargo	○	○	○	○
IT	FNMT	○	○	○	○
IT	Trenitalia S.p.A.	◍	●	◍	○
IT	Ferrovie Emilia Romagna	●			
IT	RFI	◍	○	○	○
LU	CFL	○	●	◍	○
LV	Latvijas Dzelzcels	○	●	◍	○
LT	AB Lietuvos Gelezinkeliai	○	●	◍	◍
HU	MAV Co Ltd	○	●	◍	●
HU	GySEV Ldt	○	●	◍	●
NL	Prorail	○	○	○	○
NL	ERS	○	○	◍	○

Country	Company	Information available	Separation of accounts	Cross subsidies encountered	Transparency of public support
Key:		● None ◍ 2003 ○ 2004	● None ◍ Limited ○Yes	● Yes ◍ Audit required ○ None	● None ◍ Limited ○ Transparent
NL	NS	○	○	◍	○
AT	OBB	○	○	◍	○
AT	GKB	●			●
PL	PKP Przewozy Regionale	○	○	●	○
PL	PKP Intercity	○	○	◍	●
PL	PKP Cargo SA	○	○	●	○
PL	PKP LHS	○	○	◍	○
PL	PKP PLK SA	○	○	◍	◍
PL	Chem TransLogistic	●			
PL	PRS - PCC Rail Szczakowa S.A.	●			
PL	PTK Group	●			
PT	CP	○	●	◍	○
PT	REFER	○	○	○	◍
PT	Fertagus	●			
SI	SZ	◍	◍	◍	●
SK	ZSR	○	○	○	○
SK	ZSSK	◍	●	◍	◍
SF	Finnish Rail Administration	○	○	○	◍
SF	VR	○	◍	◍	●
SE	Banverket	○	○	○	○
SE	SJ	○	○	○	○
SE	Citypendeln	●			
SE	Green Cargo	○	○	◍	○
SE	MTAB	○	○	◍	○
UK	Network Rail	○	○	○	○
UK	Go Ahead Group	○	○	◍	●
UK	National Express Group	○	○	◍	◍
UK	First Group	○	○	◍	●
UK	Virgin Trains	○	○	○	◍
UK	Serco Group	○	○	◍	●
UK	Stagecoach Group	○	◍	◍	●
UK	Arriva Trains Wales	○	◍	◍	◍
UK	Chiltern	○	○	◍	◍
UK	Eurostar	○	○	◍	◍
UK	Heathrow Express	○	○	◍	○
UK	South Eastern Trains	○	○	◍	◍
UK	GNER	○	○	◍	●
UK	Direct Rail Services	○	○	◍	◍
UK	English, Welsh and Scottish Railways	○	○	◍	◍
UK	Eurotunnel	○	●	◍	●

Country	Company	Information available	Separation of accounts	Cross subsidies encountered	Transparency of public support
Key:		● None ◍ 2003 ○ 2004	● None ◍ Limited ○Yes	● Yes ◍ Audit required ○ None	● None ◍ Limited ○ Transparent
UK	Freightliner Ltd.	○	○	○	○
UK	Freightliner Heavy Haul	○	○	○	○
NO	Jernbaneverket	○	○	●	◍
NO	NSB	○	○	●	◍
NO	Flytoget	○	○	●	○
NO	Cargonet	○	○	●	○
CH	THURBO	○	●	◍	○
CH	BLS Lotetschbergbahn AF	○	●	◍	◍
CH	RhB	○	●	◍	◍
CH	SBB	○	○	●	○
CH	Rätische Bahn	○	●	◍	◍
CH	HUPAC Ltd.	○	○	●	◍

Performance

The performance indicators calculated in this study are the following:

- Cost per staff member (total costs/number of staff members)
- Staff costs as a proportion of operating costs (staff costs/operating costs)
- Labour productivity (million rail traffic units/railway staff)
- Viability ratio (total operating income/total operating expenses)
- Total commercial traffic revenue per passenger, tonne, passenger-km and/or tonne-km (traffic receipts/traffic units)
- Asset intensity (total liabilities/total operating costs)
- Debt as a proportion of total liabilities (total debt/total liabilities)
- Debt equity ratio (total debt/total equity)
- Debt service (net financial payments/total operating expenses)

Table 0.2 below summarizes the findings per company.

Table 0.2 Summary of operational performance

Country Code	Company	Cost per staff member (currency / million)	Staff costs as proportion of operating costs	Labour productivity	Viability ratio	Total commercial traffic revenue	Asset intensity	Debt as proportion of total liabilities	Debt equity ratio	Debt service	Return on Equity
BE	NMBS passenger	-	24%	-	0,97	€ 10,69 p.p	0,75	91%	-48	1,12	1,56
BE	NMBS Freight (BCARGO)	-	35%	-	0,90	€ 0,08 tkm	1,2	97%	-12,3	1,46	1,01
BE	NMBS Infra (Infabel)	-	34%	-	1,05	N/A	1,99	92%	14,6	0,05	0,52
BE	Dillen et LeJeune	-	-	-	-	-	-	-	-	-	-
CZ	SZdc	CZK 23	3%	-	1,02	-	8,5	62%	1,6	- 0,11	0,00
CZ	CD	CZK 0,62	51%	-	0,99	CZK 29,64 p.p	1,02	20%	0,3	-	-0,02
DK	Banedanmark	-	-	-	-	-	-	-	-	-	-
DK	DSB	€ 0,14	37%	0,02	1,14	€ 3,36 p.p	2,58	58%	1,7	4,10	0,09
DK	Arriva DK	€ 0,13	41%	0,00	1,06	-	-	-	-	-	-
DK	Railion	€ 0,16	33%	0,01	0,96	€ 0,04 tkm	-	-	-	-	-
DE	DB-Netz	€ 0,12	36%	-	1,01	-	4,30	60%	2,5	4,89	-0,04
DE	DB-Fernverkehr AG	€ 0,22	19%	0,01	0,92	€ 23,17 p.p	1,15	27%	0,5	1,10	-0,14
DE	DB Regio AG	€ 0,23	17%	0,04	1,08	€ 1,86 p.p	0,87	42%	1,0	0,76	0,29
DE	Railion Deutschland	€ 0,12	33%	0,01	1,23	€ 0,04 tkm	0,84	57%	3,1	1,40	0,03
DE	Arriva	-	-	-	-	-	-	-	-	-	-
DE	Connex	-	-	-	-	-	-	-	-	-	-
DE	TS Logistik	-	-	-	-	-	-	-	-	-	-
DE	Rail4Chem	-	-	-	-	-	-	-	-	-	-
DE	HGK, Köln	€ 0,19	30%	-	1,01	-	2,14	59%	2,7	-	0,01
EE	EVR	EEK 0,45	30%	0,01	1,33	-	2,07	58%	1,4	13,7 9	0,30
EL	OSE	€ 0,06	-	-	0,21	€ 0,04 pkm € 0,04 tkm	13,45	74%	3,3	0,43	-0,42
ES	RENFE	€ 0,10	45%	0,02	0,87	€ 2,17 p.p € 0,03 tkm	2,24	56%	1,5	8,06	0,00
ES	Euskotren	€ 0,07	46%	0,02	0,32	€ 0,64 p.p	4,03	15%	0,2	0,37	-0,19
ES	FGC	€ 0,08	50%	-	1,04	€ 0,62 p.p	8,07	13%	0,2	0,31	0,00
ES	FEVE (2003)	€ 0,06	49%	-	0,86	-	5,1	0,29	0,9	0,03	-0,02
ES	ADIF (RENFE Infra 2004)	€ 0,08	43%	N/A	1,06	N/A	-	-	-	11,9 8	-
FR	Keolis	€ 0,07	55%	-	1,02	-	0,50	58%	7,0	0,00	0,25
FR	SNCF	€ 0,12	46%	-	1,03	-	1,64	84%	6,9	1,69	0,11
FF	RFF	€ 8,52	65%	-	0,96	-	6,6	92%	-10,0	0,00	-0,02
IE	Iarnrod Eireann	€ 0,07	61%	0,01	0,97	€ 4,08 p.p.	2,76	43%	-6,6	1,49	0,23

Country Code	Company	Cost per staff member (currency / million)	Staff costs as proportion of operating costs	Labour productivity	Viability ratio	Total commercial traffic revenue	Asset intensity	Debt as proportion of total liabilities	Debt equity ratio	Debt service	Return on Equity
IT	FNME	€ 0,08	56%	-	1,05	-	2,07	57%	20,0	0,20	0,06
IT	FN Cargo	€ 0,19	25%	-	0,89	-	0,55	63%	3,7	0,11	-1,02
IT	FNMT	€ 0,10	45%	0.04	1,06	€ 1,06 p.p	0,73	61%	10,2	0,00	0,55
IT	Trenitalia S.p.A.	€ 0,09	49%	-	1,01	€ 4,32 p.p € 0,03 tkm	1,91	47%	2,1	1,30	-0,01
IT	Ferrovie Dello Stato	-	58%	-	1,00	-	11,21	61%	1,6	0,00	0,00
IT	FER	-	-	-	-	-	-	-	-	-	-
IT	RFI	€ 0,13	32%	-	1,00	-	13,17	0,05	0,1	0,00	0,00
LU	CFL	€ 0,16	44%	0,01	1,02	€ 2,45 p.p € 0,16 tkm	1,56	46%	0,9	1,56	0,00
LV	Latvijas Dzelzcels	LVL 0,01	-	-	1,08	-	1,39	37%	0,6	1,00	0,02
LT	AB Lietuvos Gelezinkeliai	LTL 0,08	-	-	1,10	LTL 7,05 p.p LTL 0,04 tkm	2,45	20%	0,3	-	0,04
HU	MAV Co Ldt	HUF 6,70	46%	-	0,83	-	2,46	71%	4,7	0,00	-0,42
HU	GySEV Ldt	HUF 16,33	26%	-	0,96	-	1,04	53%	2,3	0,01	0,00
NL	Prorail	€ 0,38	13%	-	1,12	-	11,85	31%	684	0,10	0,00
NL	ERS	€ 0,10	65%	-	1,05	-	4,44	97%	635,6	4,53	0,00
NL	NS	€ 0,10	42%	0,01	1,05	€ 4,55 p.p	2,12	29%	0,5	- 1,07	0,01
AT	OBB	€ 0,08	52%	0,01	1,01	€ 3,00 p.p € 9,12 p.t	4,5	84%	8,1	0,03	0,01
AT	GKB	-	-	-	-	-	-	-	-	-	-
PL	PKP Przewozy Regionale	PLN 0,16	19%	0,01	1,00	PLN 7,24 p.p	0,32	190%	-1,6	0,00	0,00
PL	PKP Intercity	PLN 0,39	-	-	0,94	PLN 94,77 p.p	-	-	-	-	-
PL	PKP Cargo	PLN 0,12	-	-	1,02	PLN 38,46 p.t.	-	-	-	-	-
PL	PKP LHS	PLN 0,16	-	0,01	1,55	PLN 38,31 p.t.	-	-	-	- 0,12	-
PL	PKP PLK	PLN 0,07	-	-	0,98	-	-	-	-	0,01	-
PL	Chem TransLogistic	-	-	-	-	-	-	-	-	-	-
PL	PRS - PCC Rail Szczakowa S.A.	-	-	-	-	-	-	-	-	-	-
PL	PTK Group	-	-	-	-	-	-	-	-	-	-
PT	CP	€ 0,10	33%	0,03	0,55	€ 1,21 p.p € 6,866 p.t.	2,99	164%	-2,0	-	0,21
PT	REFER	-	50%	-	0,63	-	24,97	59%	1,4	25,6 8	-0.06

Country Code	Company	Cost per staff member (currency / million)	Staff costs as proportion of operating costs	Labour productivity	Viability ratio	Total commercial traffic revenue	Asset intensity	Debt as proportion of total liabilities	Debt equity ratio	Debt service	Return on Equity
PT	Fertagus	-	-	-	-	-	-	-	-	-	-
SI	SZ	SIT 769	58%	-	1,02	SIT417,83 p.p, SIT 7,59 tkm	1,25	82%	5,7	0,07	-0,26
SK	ZSR	SKK 058	52%	-	1,15	-	5,05	17%	0,5	-	0,03
SK	ZSSK	SKK 1,36	21%	0,01	0,91	SKK 42,59 p.p SKK 288 p.t.	1,68	46%	0,9	0,05	-0,15
SF	Finnish Rail Administration	€ 2,55	1,95 %	-	0,16	-	8,13	3%	0,03	-	-0,14
SF	VR	€ 0,09	48%	0,01	1,05	€ 4,78 p.p € 0,05 tkm	1,31	16%	0,2	-	0,04
SE	Banverket	SEK 1,34	39%	-	0,86	-	9,55	19%	0,2	4,84	-0,03
SE	SJ	SEK 1,64	29%	0,01	1,06	SEK 199 p.p	1,42	62%	2,6	3,70	0,10
SE	Citypendeln	-	-	-	-	-	-	-	-	-	-
SE	Green Cargo	SEK 1,90	27%	-	1,02	SEK 0,38 tkm	0,53	85%	6,5	1,68	0,11
SE	MTAB	SEK 1,90	-	0,10	1,04	SEK 20,46 p.t.	2,21	38%	1,5	3,72	0,00
UK	Network Rail	£0,22	19%	-	0,77	-	5,82	80%	3,4	0,10	-0,16
UK	Go Ahead Group	£ 0,06	39%	-	1,02	-	0,42	73%	3,3	-	-0,06
UK	National Express Group	£0,06	35%	-	1,23	-	0,48	72%	3,3	0,01	2,03
UK	First Group	£0,04	49%	-	1,07	-	0,76	74%	3,9	0,02	0,27
UK	Virgin Trains	£0,16	-	-	1,50	£16,98 p.p	0,50	-	-	-	1,00
UK	Serco Group	£0,05	50%	-	0,82	-	0,87	69%	2,7	0,02	-0,8
UK	Stagecoach Group	£0,05	50%	-	1,09	-	1,03	62%	2,5	0,02	0,23
UK	Arriva Trains Wales	£0,12	28%	-	1,04	£2,75 p.p	0,21	85%	5,8	-	1,08
UK	Chiltern Railways	£0,13	29%	-	1,10	£0,12 pkm	0,53	95%	20,8	-	-0,16
UK	Eurostar	£0,41	9%	-	0,48	-	0,33	825%	-1,1	0,02	0,22
UK	Heathrow Express	£0,13	29%	-	1,10	-	0,80	28%	0,4	-004	0,17
UK	South Eastern Trains	£0,06	21%	0,04	1,00	£0,95 p.p	0,60	93%	327,1	-	1,00
UK	GNER	£0,15	19%	-	1,05	-	0,32	81%	4,3	-	0,53
UK	Direct Rail Services	£0,11	34%	-	1,16	-	1,24	47%	0,9	-	0,25
UK	English, Welsh and Scottish Railways	£0,09	43%	-	1,07	-	1,07	46%	1,2	0,02	0,11
UK	Eurotunnel	£0,12	27%	-	1,45	150,10 p.t	19,31	91%	12,7	0,78	-1,08
UK	Freightliner Ltd.	£0,12	28%	-	1,06	-	0,95	71%	2,6	0,02	0,18
UK	Freightliner Heavy Haul	£0,14	35%	-	1,19	-	0,44	70%	2,5	-	1,08
NO	Jernbaneverket	NOK 0,93	-	0,17	-	-	-	-	-	-	-
NO	NSB	NOK 0,76	45%	0,01	0,88	NOK 76,80 p.p	1,61	54%	1,2	2,85	-0,20

Country Code	Company	Cost per staff member (currency / million)	Staff costs as proportion of operating costs	Labour productivity	Viability ratio	Total commercial traffic revenue	Asset intensity	Debt as proportion of total liabilities	Debt equity ratio	Debt service	Return on Equity
NO	Flytoget	NOK 1,71	30%	0,02	1,14	NOK 120,11 p.p	2,86	43%	0,8	7,28	0,03
NO	Cargonet	NOK 1,80	34%	-	0,99	-	0,52	39%	0,6	-	-0,05
CH	THURBO	CHF 0,54	26%	0,09	1,03	CHF 2,25 p.p	3,48	83%	5,0	1,97	0,07
CH	BLS Lotetschbergbahn AF	-	42%	-	1,03	-	4,06	92%	10,9	0,75	0,07
CH	RhB	CHF 0,17	52%	-	0,98	CHF 8,88 p.p CHF 0,32 tkm	4,54	9%	1,3	8,06	-0,03
CH	SBB	CHF 0,24	46%	-	1,04	-	4,24	26%	0,6	-	0,00
CH	HUPAC Ltd.	CHF 1,04	84%	-	1,02	CHF 44,78 p.t.	1,05	84%	5,3	-	0,12

Conclusion

Separation of accounts

In many countries, the railway reform has been implemented in 2005. As in this study the most recent figures available had to be analysed (2004 and in some cases 2003), the situation as in place in 2005 could not be studied in full detail as financial accounts are not available yet for 2005. Therefore it should be kept in mind that the data are often referring to previous situations rather than the current situation. Where this is the case, this is clearly indicated in the country report.

Table 0.1 shows, that fifty-three (53) out of the ninety-six (96) railway undertakings studied have separated accounts in place for passenger and rail transport and for transport and infrastructure management. This means that 55% of the undertakings studied comply with EC Directives regarding separation of accounts. Many of the companies focus on one of the activities, and as such comply with the EC Directives.

Cross subsidies

It should be noted that most of the annual accounts do not provide sufficient information to make any pronouncements regarding cross subsidies. In most cases, when cross subsidies are existing they will not be presented so openly and a more in-depth audit of the books will be required to track these cross subsidies. In very few cases cross subsidies could be found in the annual report or other sources of information about the company or the situation in the country.

The companies for which an audit is especially recommended due to the specific situation or structure of the railway undertaking or the railway market providing possibilities of cross subsidies are:

- CD and SŽDC
- RFF
- SNCF and SNCF Cargo
- Iarnród Éireann
- Trenitalia – RFI
- OBB
- PKP Holding
- SZ

Public support

Thirty-five (35) out of ninety-six (96) of the railway undertakings provide detailed information on amounts of public support received and the nature of this support. This is almost 36% of the companies studied.

A few undertakings give no information on public support. In many cases these are commercial freight transport undertakings and these are not expected to receive any public support. In some other cases (16 railway undertakings - 17% of all undertakings studied), it is known or to be expected that the company received public support in 2004 but no mention was made of it. These companies have been awarded a black bullet in table 0.1:

- CD
- Arriva Denmark
- EVR
- Keolis
- MAV Co. Ltd.
- GySEV Ltd.
- ERS
- GKB
- PKP Intercity
- SZ
- VR
- Some rail groups from the UK, concerning groups that include amongst other activities also rail passenger transport franchises. For these franchises no separate accounts and therefore no details on public support for railway activities are available.

For a large number of railway undertakings either the amount of public support has been specified but the nature of the support was not explained or the nature of the support was summarized but no amounts have been published. These cases have been awarded a gray bullet in table 0.1. This limited transparency was the case for thirty-one (31) railway undertakings out of the ninety-five (96) companies subject to this study, equalling 32% of all undertakings studied.

Performance

Table 0.2 summarizes performance indicators per railway undertaking studied. In many cases, the information available is insufficient to be able to calculate (some of) the performance indicators.

In this summary, special attention is given to the viability ratio and to the return on equity, as these are good indicators for the operational performance of the undertakings. Furthermore, the debt-equity ratio will be elaborated further to get an insight in the financial leverage of the undertakings.

<u>Viability ratio</u>

A company with a viability ratio of over 1,00 has a higher operating income than operating expenses, which means that the operations in principle are generating a profit. Of the undertakings studied, this is the case for fifty-four (54) or 57% of the undertakings studied.

<u>Return on equity</u>

Return on equity refers to the results of operations in relation to the equity capital of the undertaking. Twenty-three (23) undertakings have a negative return on equity. There are also seven (7) undertakings that have an equity capital that is lower than the losses brought forward, resulting in a positive return on equity parameter. The financial position of these undertakings is very poor and the companies in theory should be in state of bankruptcy. This is the case for the following companies in 2004:

- NMBS Freight (from 2005 – BCARGO)
- NMBS Passenger
- RFF
- Íarnrod Éireann
- PKP Regional Services
- CP
- Eurostar

In total, there are therefore 30 undertakings that have a negative return on equity, against 37 undertakings with a positive return on equity.

<u>Debt-equity ratio</u>

A measure of a company's financial leverage calculated by dividing long-term debt by equity capital. It indicates what proportion of equity and debt the company is using to finance its assets. A debt-equity ratio of less than 1,00 indicates that the assets are predominantly financed by equity, whereas a high dept equity ratio gives an indication of the fact that the undertaking used a large proportion of debt in relation to its equity to finance assets. Asset intensive undertakings will have a higher debt-equity ratio than undertakings with little assets. Companies with the highest debt-equity ratio in this study are:

- Prorail (debt/equity ratio of 684)
- ERS (debt/equity ratio of over 635)
- South Eastern Trains (debt/equity ratio of 327)

With debt/equity ratios it is important to assess the increase in earnings resulting from the investment compared to the cost of the debt financing.

1 Introduction

1.1 Background

The Common Transport Policy for the European Commission has as a goal to allow rail transport to maintain its modal share at the level of 1998 until 2010. This applies a challenge for the rail sector, as freight transport per rail has decreased significantly since 1998 in absolute terms and passenger transport has remained stable in absolute terms. Therefore, a number of legislative measures have been taken in the European Union, to allow for more competitive market conditions. These legislative measures together are called the Rail Infrastructure Package.

The Rail Infrastructure package aims to facilitate the adaptation of the Community's railways to the needs of the single market and to increase their efficiency. It aims at separating the management of railway operation and infrastructure from the provision of railway transport services. In order to create a single market for railways in Europe, the following challenges should be met:

- Railways undertakings should be managed independently
- Infrastructure management and transport operations should be separated.

The railways package amongst others enables European Union railway undertakings to access the railway network in order to make use of international freight services within the Community.

1.2 Scope of this study

This analysis of the financial situation of railways undertakings in the EU provides an overview of the financial situation of the railways undertakings in the European Union. The analysis serves two purposes:

- To identify to which extent Railway Undertakings and Infrastructure Managers comply with the required separation of accounts (Directive 91/440 amended by 2001/12 art. 9.4) between passenger services and freight services as well as between infrastructure management and the provision of rail services.

  SECTION IV Improvement of the financial situation

  Article 9.4.

  In the case of railway undertakings profit and loss accounts and either balance sheets or annual statement of assets and liabilities shall be kept and published for business relating to the provision of rail freight-transport services. Funds paid for activities relating to the provision of passenger-transport services as public-service remits must be shown separately in the relevant accounts and may not be transferred to activities relating to the provision of other transport services or any other business.

- To establish key financial figures for the important players on the railway market and thus contributing to the Railway Market Monitoring Scheme. The establishment of Financial Performance Indicators and the amount of public support received by the Railway Undertakings and Infrastructure Managers is the main focus.

For this study, financial information as published by the railway undertakings has been used. Where information was not published, the railway undertakings have been requested to provide the information needed. Where information was not provided for any reason, the Consultant made a note of this. The list of companies studied has been agreed by the Client.

2 Belgium

List of companies

Transport

- NMBS
- BCARGO (In 2005 changed from NMBS Freight to a separate company named BGARGO, which is still part of the NMBS Holding,)
- Dillen et LeJeune Cargo (Also see Switzerland HUPAC)

Infrastructure

- Infrabel (in 2004 still NMBS)

2.1 NMBS/SNCB

On 1 January 2005, NMBS/SNCB was split into an infrastructure management company named Infrabel and a transport company called NMBS/SNCB. The 2004 annual report provides information about the situation before the split of the company. On the government website and the NMBS group site one can find the new management contracts between the State and the new companies that became in force on 1 January 2005.

2.1.1 Compliance

Separation of accounts

In 2004 the organisational structure of NMBS was not compliant with EU requirements. Nevertheless, the accounts in the annual report have been split into separate balance sheets and income statements for:

- Domestic passenger transport (PSO)
- International transport (none PSO)
- Freight transport
- ABX – world wide logistics and trucking group owned by NMBS
- Infrastructure.

The organisation of the accounts resembles the future situation of 2005 as much as possible. In 2005, the organisational structure will also reflect the EU requirements.

Cross subsidies

In a way cross subsidy exists between public State support for domestic passenger services and infrastructure management services on one side, and the ABX subsidiary company in the other side. As cost allocation had to be applied for the separation of accounts in 2004 and the company as a whole made a loss, some cross effects between infrastructure, cargo and passenger services were inevitable. The separation of accounts for 2004 required application of allocation rules for common costs, risks and debts. With the separation between infrastructure and transport of NMBS at 1 January 2005, the debts of NMBS for infrastructure financing have been restructured. The debts are now parked in FSI, a Special Purpose Vehicle that owns all old debts of NMBS (€ 7,4 billion). Special attention has been given to the ABX business; in the new organisation structure ABX is planned to be part of the NMBS Cargo division. However, ABX is not involved in the restructuring yet, since it was not yet a part of NMBS Cargo on the date of restructuring. For ABX the EU has recently taken a decision[1] about restructuring financing and ABX may now be sold. Any support by the Belgian Government for debt restructuring will be allowed in order to prepare ABX for sale. The restructuring of ABX should put an end to a situation in which the loss of ABX is cross subsidised by the state subsidy for NMBS.

2.1.2 Public support

The Belgian government provides financial support based on management contracts for two purposes:

- Domestic passengers transport and regional cross border transport (no HS trains). The contract is based on a transport plan, service levels and fare provisions for social groups. The passenger transport PSO amounted up to € 396 million in 2004.

  For the High Speed Line (HSL) between Paris and Amsterdam, there is a problem regarding regional services on the HSL between Brussels and Breda. According to the Dutch system these are regarded Intercity services which do not comply for state aid, whereas according to the Belgian system, these are part of the loss-giving domestic transport (Breda is the first station after the border crossing) and as such is entitled to a subsidy. After negotiations between the Dutch and Belgian ministers, it has been agreed that the International High Speed services (Thalys between Amsterdam and Paris and joint NMBS-NS between Amsterdam and Brussels) will run without state aid, the Dutch domestic services will also run without a subsidy whereas the Breda-Brussels service will be a mixed arrangement. The Dutch NS HSL subsidiary will pay an increased user fee according to the 15-year investment payback arrangement (EU 2001/12). NMBS conditions are still unknown but agreement has been reached that there will be no state aid for this line for NMBS either.
- Management and maintenance of infrastructure; the contract will be based on a service plan. Aid for infrastructure is build up as follows:
  - PSO € 680 million for regional infrastructure maintenance and management. This does not include investment funding.
  - Equity to finance High Speed Lines investment: € 685 million from the Belgian Government (Dutch government provided € 112 million in 2004 for investment in the Antwerp-Rotterdam section of the HSL. The Dutch Government is paying in accordance with an agreed funding schedule for the construction expenditures)

  As a result of the financing of the HSL and the restructuring of other infrastructure in 2004, the NMBS operations balance sheet is quite complex.
- Furthermore the State provides funding for pension provisions related to restructuring. NMBS acts as an executive agency. The state aid is aimed at normalisation of pensions in compliance with the restructuring law of 1988. Until the end of 2004, NMBS was operating as a State Agency without a pension fund. Per 1

[1] State aid No C53/2003 (ex NN 62/2003) – Restructuring aid for ABX Logistics

January 2005 this situation changed and NMBS had to operate as a commercial company. State aid was provided for the extra costs involved with the guarantee of the old pension liabilities. Part of the expenses is also covered by a provision on the balance sheet of NMBS. State aid has not been quantified in the accounts but has been included in other operational income. As per 1 January 2006, the Belgian State is taking over the pension liabilities of NMBS. As such the state aid for pension provisions will decrease significantly.

2.1.3 Performance

As the accounts are separated in the NMBS holding, the performance indicators could be calculated per activity. Table 2.1 shows the performance indicators for freight transport, table 2.2 shows the indicators for passenger transport and table 2.3 shows the performance indicators for infrastructure management.

Table 2.1 Performance (BCARGO)

Ratio	2004
Cost per staff member	Not available
Staff costs as a proportion of operating costs	34,9%
Labour productivity	Not available
Viability ratio	0,90
Total commercial traffic revenue per Ton-kilometre	€ 0,08
Asset intensity	1,2
Debt as proportion of total liabilities	97%
Debt equity ratio	-12,3
Debt service	1,46
Return on Equity	1,01

Table 2.2 Performance (passenger transport NMBS)

Ratio	2004
Cost per staff member	Not available see above
Staff costs as a proportion of operating costs	24,03%
Labour productivity	Not available see above
Viability ratio	0,97
Total commercial traffic revenue per passenger	€ 10,69
Asset intensity	0,75
Debt as proportion of total liabilities	91%
Debt equity ratio	-48
Debt service	1,12
Return on Equity	1,56

Table 2.3 Performance NMBS Infrastructure (Infrabel)

Ratio	2004
Cost per staff member	Not available see above
Staff costs as a proportion of operating costs	33,7%
Labour productivity	Not available see above
Viability ratio	1,05
Total commercial traffic revenue per traffic unit (	Not applicable
Asset intensity	1,99
Debt as proportion of total liabilities	0,92
Debt equity ratio	14,62
Debt service	0,05
Return on Equity	0,52

2.2 Dillen et LeJeune Cargo (DLC)

DLC has an international license in compliance with EC Directives. DLC received safety certificates to operate in Belgium, Holland and Germany. Currently, DLC operates trains with high quality in Belgium, Holland, Germany and together with partners in Switzerland and Italy. Separate balance sheet and financial accounts for DLC are not available. The main shareholder of DLC is Hupac, who owns 40% of the shares, Mr. Dillen and LeJeune hold 30% of the shares each. For financial data on the consolidated Hupac holding, please refer to the Switzerland country report (chapter 26.5).

3 Czech Republic

List of companies
- SŽDC: infrastructure management
- ČD: State Railway Company.
- Viamont

3.1 SŽDC Správa Železniči Dopravni Cesty

As the Czech Infrastructure Manager exists since 2003 the annual report 2004 marks the second year of its existence. In 2004 a number of tasks moved from ČD and the ministry of transport towards SŽDC. Two regional lines have been leased to the private operators Viamont and OKD. All other lines are managed as open access network. All operational management (traffic management and maintenance) is performed by ČD; SŽDC is only a management company. SŽDC inherited long term and short term liabilities from the former CZ railway company. The process of settlement and restructuring is currently ongoing.

Depreciation of rail infrastructure is not included in the costs. Depreciation is paid for by the state.

For SŽDC the annual report for 2004 has been analysed.

3.1.1 Compliance

Separation of accounts
Accounts are not clearly separated between infrastructure management and transport activities. SŽDC is only an infrastructure management company, and all operational management (traffic management and maintenance) is performed by the transport undertaking ČD. For 2005 a change in the agreement between SŽDC and ČD is announced; SŽDC is from 2005 onwards owner of standards and working methods. This indicates that in 2004 ČD was deciding on these issues. Therefore the actual infrastructure management was in 2004 not separated from transport activities.

Cross subsidies
It is not clear to what extend SŽDC can influence the costs of traffic management and maintenance fees that SŽDC has to pay to ČD; the report states that several rationalisations were implemented, but these were not explained. The contract in place in 2004 is a 3-years contract which will be renegotiated in 2005. The costs of the ČD services are not specified in the annual reports of SŽDC and ČD. For more information, also refer to paragraph 2.2 on ČD.

The table below shows the cash flows between the two companies

Table 3.1 Cash flows between SŽDC and CD

	SŽDC	CD	State and regions
Cash flow for use of infrastructure	4.341	-4.341	
Freight transport CD	1.469	-1.469	
Passenger Transport CD	177		
Other operators	6.187		
Total income from infrastructure			
Costs for traffic management and	-11.374	11.374	
maintenance of infrastructure	-11.988		
Total Infrastructure costs normal operations			
Subsidies Infrastructure normal operations	5.590		-5.590
Income passenger transport		5.301	
Total costs for passengers excl infra use		-15.571	
Subsidies for Passenger services		7.178	-7.178
Income Freight Transport		17.904	
Costs of freight transport excl infra use		15.608	

The table shows various options to arrange cross subsidy. As access charges are not balanced and separation between segments within ČD. However, in order to make any firm pronouncements, the accounts of both ČD and SŽDC should be subject to a more in-depth audit.

3.1.2 Public support

The State provides subsidies for operations and maintenance, for flood damage repair and for offset of payables inherited from the former ČD railway company.

3.1.3 Performance

Table 3.2 Performance SŽDC (consolidated figures)

Ratio	2004
Cost per staff member	CZK 23 million
Staff costs as a proportion of operating costs	2,7%
Labour productivity	Not applicable
Viability ratio	1,02
Total commercial traffic revenue per traffic unit	Not applicable
Asset intensity	8,5
Debt as proportion of total liabilities	62%
Debt equity ratio	1,59
Debt service	-0,11
Return on Equity	0,00

3.2 ČD ČESKÉ DRÁHY

ČD performs 3 main tasks:
- Passenger transport with PSO
- Freight transport with a small subsidy for combined transport
- Traffic management and infrastructure management paid by the infrastructure manager SŽDC.

The ČD annual report of 2004 has been analysed for this study.

3.2.1 Compliance

Separation of accounts
In the annual report of 2004, only summarized profit and loss data are given for freight and passengers transport. No information regarding accounting and cost allocation between passenger, freight and infrastructure business is available. Besides, 98% of infrastructure management costs are revenues for ČD It is unclear whether or not within ČD separation between infrastructure accounts and passenger / freight accounts is implemented. Figure 3.1 below origins from ČD statistics 2004. It states that accounts are separated; in the annual report however, separate information for each activity is not available (only total income and costs are separated per activity in the annual report). Information about how accounts are separated, and how common costs are allocated is not available either.

Figure 3.1 Separated accounts for Czech Railways

Czech Railways kept its accounts separate for business relating to the provision of infrastructure operation, freight transport services, passenger transport services and those for business relating to the other activities.

(Million CZK)	**2004**	2003	2002	2001
Infrastructure operation				
Income from infrastructure operation	**11,506**	12,162	*)	*)
Result of operation	**-825**	-684	*)	*)
Freight transport				
Income from freight transport	**17,904**	18,783	21,084	22,574
Result of freight transport	**2,296**	2,584	693	2,382
Passenger transport				
Income from passenger transport	**12,614**	12,476	14,925	14,377
Result of passenger transport	**-2,903**	-3,120	-6,569	-5,265
Other business				
Income from other business	**3,958**	3,826	8,923	5,567
Result of the other activities	**811**	295	1,057	-1,212
Total income	**45,982**	47,247	44,932	42,518
General result	**-621**	-925	-4,819	-4,095

*) Income from and expenses on infrastructure operation were included in the passenger and freight transport product until 2002.

Cross subsidies

Access charges do not cover infrastructure management costs. As ČD accounts do not show any separation of accounts, the possibility that some subsidy comes in via SŽDC subsidy can not be precluded. It is not clear to what extend SŽDC can influence the costs of traffic management and maintenance fees that SŽDC has to pay to ČD for operational infrastructure management. For more information about possible cross subsidies between SŽDC and ČD, please refer to paragraph 3.1.2. A more in-depth audit of the books of both companies is highly recommended if pronouncements need to be made regarding cross subsidies.

3.2.2 Public Support

ČD receives subsidy for passenger transport services (from the State for long distance transport and from regions for regional transport). Part of the subsidy for traffic management and infra maintenance flows directly to the operators; and as such can be interpreted as a subsidy on access charges. Amounts of public support have not been presented in the annual accounts.

3.2.3 Performance

Table 3.3 Performance ČD (consolidated figures)

Ratio	2004
Cost per staff member	CZK 0,62 million
Staff costs as a proportion of operating costs	50,63%
Labour productivity	Not available
Viability ratio	0,99
Total commercial traffic revenue passenger	CZK 29,64
Asset intensity	1,02
Debt as proportion of total liabilities	20%
Debt equity ratio	0,26
Debt service	Not available
Return on Equity	-0,02

3.3 Viamont

Viamont developed form an infrastructure maintenance group into a conglomerate with the following activities:

- Construction and maintenance work for railway infrastructure and other constructions (for CZ and other customers)
- Freight transport, mostly coal transport between coal mines and their customers, part of the infrastructure on the private sidings is also managed by Viamont. Viamont owns its own locomotives for these services.
- International rail freight transport
- Passenger rail transport on two former CZ lines. One of the lines involves a border crossing with Germany (in cooperation with Vogtland Bahn). Both lines are operated under a PSO arrangement.
- Design and engineering for industry and infrastructure
- Management and maintenance of railway yards.

Since 1996 Viamont is a joint stock company and has several subsidiaries for the different activities. Viamont is one of the founding members of the European Bulls Group.

Viamont employs around 500 staff and has an annual turnover of CZK 1,3 billion in 2004. Accounts and annual reports are not available for this study.

4 Denmark

Subsidized passenger traffic is slowly beginning to be tendered; the first tender was won by Arriva. Freight traffic is dominated by Railion, who bought the remains of the DSB freight operation.

List of companies studied:

- Banedanmark (infrastructure manager)
- DSB
- Arriva
- Railion

4.1 Banedanmark

The railway restructuring process has started in 1997, when the infrastructure manager Banedanmark was separated from the national railway company DSB. For this study, no financial statements where available.

4.1.1 Compliance

Separation of accounts:
Banedanmark is only active in infrastructure management; therefore separation of accounts is safeguarded, there is no balance sheet available, data are based on appropriations by the Consultant.

Cross subsidies:
As Banedanmark is only an infrastructure manager, there is no of risk cross subsidies within the company.

4.1.2 Public support

The structure and amounts of public support are transparent for Banedenmark. Banedenmark received the following amounts of public support in 2004:

Public support for operation	€ 524,4 million
Public support for maintenance and renewal	€ 1.517,4 million
Public support for new constructions	€ 896,7 million

4.1.3 Performance

Due to the status of Banedanmark as part of the state the accounting principles applied only allow for very few of the requested financial parameters to be calculated.

4.2 DSB

DSB operates approximately 80% of passenger train services in Denmark. DSB provides rail services within Denmark and across international borders. DSB carries around 160 million passengers every year and passenger train km totalled 55 million in 2004. The DSB Group has a turnover of DKK9.9bn and employs a staff of 9,000. For this study, the annual account of 2004 was studied.

4.2.1 Compliance

Separation of accounts
The annual report shows separate accounts for subsidized passenger transport and commercial passenger transport. Furthermore DSB focuses on passenger transport only. Therefore the separation of accounts between freight and passenger transport and between transport and infrastructure management is safeguarded.

Cross subsidies:
Subsidized transports as well as commercial passenger transport are generating a surplus based on a "full cost allocation method". No evidence of cross subsidies show from the annual account.

4.2.2 Public support

Public support for passenger traffic amounted up to € 529,1 million in 2004. The purpose of the public support was not made clear in the annual accounts.

4.2.3 Performance

Table 4.1 Performance DSB

Ratio	2004
Cost per staff member	€ 0,14 million
Staff costs as a proportion of operating costs	37,02%
Labour productivity	0,02
Viability ratio	1,14
Total commercial traffic revenue per traffic unit (per passenger)	€ 3,36
Asset intensity	2,58
Debt as proportion of total liabilities	58%
Debt equity ratio	1,69
Debt service	4,10
Return on Equity	0,094

4.3 Arriva

Arriva is an international passenger transport company, with operations in Denmark. Arriva is in Demark active in bus, ferry and train services. For this study, only the profit and loss account for 2004 was available.

4.3.1 Compliance

Separation of accounts:

Arriva is active in passenger transport only, therefore separation of accounts between freight and passenger transport is safeguarded. Accounts have not been separated between bus, ferry and train transport.

Cross subsidies

No proof of cross subsidies can be found in the annual accounts, but as accounts are not separated between different modes of transport, it is unclear whether or not subsidies are allocated to the subsidised activities only. A more detailed audit of the books of the company will give more insight into this matter.

4.3.2 Public support

There is public support for operations, but this is not quantified in the annual accounts.

4.3.3 Performance

No balance sheet is available for Arriva Denmark, the company could only provide a profit and loss account. Therefore many of the parameters cannot be calculated. Return on Equity is for instance not available, return on assets is 0,17. This indicates that the company is making a profit.

Table 4.2 Performance Arriva DK

Ratio	2004
Cost per staff member	€ 0,13 million
Staff costs as a proportion of operating costs	41,05%
Labour productivity	Not available
Viability ratio	1,06
Total commercial traffic revenue per traffic unit (passenger)	Not available
Asset intensity	0,00
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	Not available
Return on Equity	Not available

4.4 Railion Denmark

Railion is a large European intermodal freight transport undertaking which is also operating trains in Denmark. No balance sheet has been provided for Railion DK, therefore this information is based on the profit and loss account of 2004.

4.4.1 Compliance

Separation of accounts:
Separation between passenger and freight transport and transport and infrastructure is safeguarded as Railion is focussing on freight transport. No separate accounts are to be obtained for the different modalities of transport. No balance sheet has been provided.

Cross subsidies:
As only the profit and loss account was available for this study, further audit of the books is required to be able to determine whether or not cross subsidies are taking place.

4.4.2 Public support

Railion Denmark does not receive any public support.

4.4.3 Performance

As no balance sheet has been provided, many of the parameters cannot be calculated.

Table 4.3 Performance Railion Denmark

Ratio	2004
Cost per staff member	€ 0,16 million
Staff costs as a proportion of operating costs	32,72%
Labour productivity	0,01
Viability ratio	0,96
Total commercial traffic revenue per traffic unit (per tonne-km freight)	€ 0,04
Asset intensity	Not available
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	Not available
Return on Equity	Not available

5 Germany

In Germany, Deutsche Bahn is a very dominating railway undertaking. New operators have however entered the market both in tendered passenger services as well as freight traffic. Long distance traffic is still done almost exclusively by DB.

Companies studied are:

- DB Netz (infrastructure manager)
- DB-Fernverkehr AG
- DB Regio AG
- Arriva
- Connex
- Railion Deutschland
- TX Logistik
- Rail4Chem
- HGK, Köln

5.1 Deutsche Bahn

In 1994 the Deutsche Bahn company was transformed into a holding company with different subsidiary-companies each focussing on one of the different railway activities and as such ensuring compliance with EU directives. The following paragraphs concern the most important subsidiary companies which meet the condition of a turnover of at least € 50.000,-

5.2 DB Netz

DB Netz is the infrastructure manager for the complete rail network in Germany. The German railway network contains over 34.000 km of track, being the largest railway network in Europe.

5.2.1 Compliance

Separation of accounts

Separation of accounts is safeguarded with regards to the separation of infrastructure management and transport, as DB Netz is focussing on infrastructure management only and is not active in transport.

Cross subsidies
Cross subsidies are no issue within the DB holding, all activities are strictly separated. However there are several examples in which DB Netz acts discriminatory against non-DB operators to support the competitive position of DB Cargo or DB Regional.

5.2.2 Public support

Public support (in the form of support from DB holding) amounted up to € 183 million in 2004. It is not completely transparent from the annual accounts for which purpose and for which parts of the railway network the public support was provided.

5.2.3 Performance

Table 5.1 Performance DB Netz

Ratio	2004
Cost per staff member	€ 0,12 million
Staff costs as a proportion of operating costs	35,63%
Labour productivity	Not available
Viability ratio	1,01
Total commercial traffic revenue per traffic unit (passenger or freight)	Not available
Asset intensity	4,30
Debt as proportion of total liabilities	60%
Debt equity ratio	2,53
Debt service	4,89
Return on Equity	-0,04

5.3 DB-Fernverkehr AG

DB Fernerkehr AG is one of the passenger transport operators within the DB Holing. DB Fernverkehr is the national and international passenger trains operator.

5.3.1 Compliance

Separation of accounts
Separation of accounts is safeguarded within the DB holding. All activities (infrastructure management, freight transport and passenger transport) are executed by separate subsidiary companies.

Cross subsidies
Cross subsidies are no issue within the DB holding, as all activities are strictly separated into different subsidiary companies.

5.3.2 Public support

Public support (in the form of support from the DB holding) amounted up to € 288 million in 2004. It is unclear for which parts of the services or for which regions the support was granted.

5.3.3 Performance

Table 5.2 Performance DB Fernverkehr

Ratio	2004
Cost per staff member	€ 0,22 million
Staff costs as a proportion of operating costs	18,88%
Labour productivity	0,01
Viability ratio	0,92
Total commercial traffic revenue per traffic unit (per passenger)	€ 23,17
Asset intensity	1,15
Debt as proportion of total liabilities	27%
Debt equity ratio	0,48
Debt service	1,10
Return on Equity	-0,14

5.4 DB Regio AG

DB Regio AG is one of the passenger transport operators of the DB Holding, being active in 10 different regions of Germany. DB Regio is working on the request of public bodies.

5.4.1 Compliance

Separation of accounts
Separation of accounts is safeguarded within the DB holding. All activities (infrastructure management, freight transport and passenger transport) are accounted for by separate subsidiary companies, however, there are no separated accounts for transport based on contracts with regional authorities, and other transport such as tendered transport and concessionary transport.

Cross subsidies
Cross subsidies are no issue within the DB holding, however the annual accounts do not provide sufficient information of the different regions and different concessions in which DB Regio is active, in order to be able to determine whether or not cross subsidies between different regions is an issue. Furthermore, in some cases DB convinces regional authorities not to tender regional services but contract DB Regio directly. In exchange DB Netz provides more or earlier maintenance or improvements for the regional lines in such areas.

5.4.2 Public support

Public support (from "Länder') amounted up to € 3.373 million in 2004. It is not clear from the annual report for which region which amount was received and whether or not this was also used in that region.

5.4.3 Performance

Table 5.3 Performance DB Regio

Ratio	2004
Cost per staff member	€ 0,23 million
Staff costs as a proportion of operating costs	17,42%
Labour productivity	0,04
Viability ratio	1,08
Total commercial traffic revenue per traffic unit (per passenger)	€ 1,86
Asset intensity	0,87
Debt as proportion of total liabilities	42%
Debt equity ratio	1,01
Debt service	0,76
Return on Equity	0,29

5.5 Railion Deutschland

Railion Deutschland (former DB Cargo) is the freight transport operator within the DB Holding. Railion also has operations in Denmark, Italy, and the Netherlands.

5.5.1 Compliance

Separation of accounts
Separation of accounts is safeguarded between the different subsidiaries within the DB holding. All activities (infrastructure management, freight transport and passenger transport) are executed by separate subsidiary companies. Railion Deutschland is focussing on freight transport.

Cross subsidies
Cross subsidies between the subsidiaries of the DB Holding are not to be found in the annual accounts. As Railion Deutschland is focussing solely on freight transport, cross subsidies within Railion Deutschland are not an issue.

5.5.2 Public support

Railion Deutschland does not receive any public support.

5.5.3 Performance

Table 5.4 Performance Railion Deutschland

Ratio	2004
Cost per staff member	€ 0,12 million
Staff costs as a proportion of operating costs	33,23%
Labour productivity	0,01
Viability ratio	1,23
Total commercial traffic revenue per traffic unit (per tonne-km freight)	€ 0,04
Asset intensity	0,84
Debt as proportion of total liabilities	57%
Debt equity ratio	3,11
Debt service	1,40
Return on Equity	0,03

5.6 Arriva

Arriva is active in the German market for passenger transport. Accounts have been requested for the figures for Arriva Germany, but have not been provided.

5.7 Connex

Connex is active in passenger as well as freight transport in Germany and other countries. For passenger transport, Connex operates both bus services and train services. In Germany, Connex operates a number of regional railway undertakings, of which the most significant are:

- Together with Stadtwerke Osnabruck and Verkehr und Wasser GmbH Oldenburg, Connex is owner of Nord-West Bahn (NWB), which is a regional passenger transport railway undertaking which was launched in November 2000.
- Bayerische Oberlandbahn (BOB) is the regional railway undertaking for Bayern
- Interconnex is a passenger railway undertaking in East-Germany. Operating two connections:
  - Gera-Berlin-Rostoc
  - Dresden-Berlin-Stralsund
- Nord-Ostsee-Bahn (NOB), a passenger transport railway undertaking in North Germany
- Connex Cargo Logistics, a freight transport railway undertaking.

Information on the different railway undertakings has been requested but was not provided.

5.8 TX Logistik

TX Logistik is active in railway freight forwarding in Germany. 51% of the shares are owned by Trenitalia. Financial information has been requested but is not available.

5.9 Rail4Chem

The rail4Chem group of companies provides international rail freight services. The fast-growing group is a joint venture of BASF AG (Ludwigshafen), Bertschi (CH-Dürrenäsch), Hoyer and VTG AG (both Hamburg). Each shareholder has a 25% share in rail4chem. The 100% subsidiaries of rail4chem GmbH in Germany are rail4chem Benelux B. V. (NL-Rotterdam) and rail4chem transalpin AG (CH-Dürrenäsch). They have their own registrations in the Netherlands and Switzerland respectively. With its staff of over 140, rail4chem clocked up over 2.5 billion tonne km with its partners in Europe in 2004.

Rail4Chem is a large European freight forwarder, formerly focussing on chemical freight only but the company has developed from a haulage supplier for the chemicals industry into a provider of rail services for various sectors. The core business remains the haulage of trains. R4C operates mainly block trains on long routes. In cooperation with the partners of the strategic alliance "European Bulls", R4C offers transport services on cross-border and transcontinental relations.

An information request has been sent to R4C, but no financial information was provided.

5.10 HGK, Köln

HGK Köln is a freight transport company in Germany, operating a port as well as rail transport operations. HGK Köln is owned by the city of Cologne and Kreiss Erfurt.

5.10.1 Compliance

Separation of accounts
Separation between passenger transport and freight transport is safeguarded as HGK Köln focuses on freight transport only. Separate account for the port activities and the railway activities are clearly indicated in the annual report. Some elements of infrastructure management in the port areas also seem to be part of the activities. This infrastructure management has not been separated from transport activities.

Cross subsidies
There is insufficient information available to be able to determine if any cross subsidies are taking place between the different modalities.

5.10.2 Public support

HGK Köln does not mention to receive any public support. It has to be taken into account however, that HGK Köln is partly owned by the city of Cologne.

5.10.3 Performance

Table 5.5 Performance HGK Köln

Ratio	2004
Cost per staff member	€ 0,19 million
Staff costs as a proportion of operating costs	30,23%
Labour productivity	Not available
Viability ratio	1,01
Total commercial traffic revenue per traffic unit (freight)	Not available
Asset intensity	2,14
Debt as proportion of total liabilities	59%
Debt equity ratio	2,72
Debt service	Not available
Return on Equity	0,01

6 Estonia

Companies to be studied in Estonia are:

- EVR - Eesti Raudtee
- Elektriraudtee
- Edelaraudtee

6.1 EVR

EVR is infrastructure manager as well as freight train operator. Of EVR, only a 2003 annual report is available. The 2004 annual report is not available at this stage. EVR publishes a network statement and access tariff list.

6.1.1 Compliance

Separation of accounts
The 2003 annual report shows no separation of accounts. The EU regulations were implemented in Estonia in 2004.

Cross subsidies
As the accounts have not been separated in 2003, evidence for cross subsidies between infrastructure management and freight transport is not available.

6.1.2 Public support

The 2003 annual report gives no information on state aid.

6.1.3 Performance

Table 6.1 Performance EVR

Ratio	2003
Cost per staff member	EEK 0,45 million
Staff costs as a proportion of operating costs	30,36%
Labour productivity	0,01
Viability ratio	1,33
Total commercial traffic revenue per traffic unit (passenger or freight)	Not available
Asset intensity	2,07
Debt as proportion of total liabilities	58%
Debt equity ratio	1,36
Debt service	13,79
Return on Equity	0,30

6.2 Elektriraudtee

Elektriraudtee operates electric trains around Tallinn. Information has been requested, but the request is still pending.

6.3 Edelaraudtee

Edelaraudtee is infrastructure manager as well as passenger train operator. Information has been requested, but is still pending.

7 Greece

In Greece, OSE is the integrated railway company and infrastructure manager. For Greece, this is the only company studied.

7.1 OSE

OSE has provided detailed 2004 annual accounts. OSE is a holding company with up to 2005 the following four subsidiary companies:

- Erga Ose S.A.: managing the OSE investment program funded by the Community
- Gaiaose S.A: exploitation and management of real estate property of OSE
- Proastiakos S.A.: operation, management and exploitation of urban, suburban, and regional railway transport (passenger and freight)
- Thriassio S.A.: operation of freight centres and rail (and other) freight transport

OSE has recently restructured its organisation according to European Commission directives. The new organizational structure is implemented on 1 January 2006. From now on, OSE will have two main subsidiaries and some smaller subsidiaries:

- EDISI: infrastructure manager
- TRAINOSE: Passenger and freight transport
- Other subsidiaries (not specified)

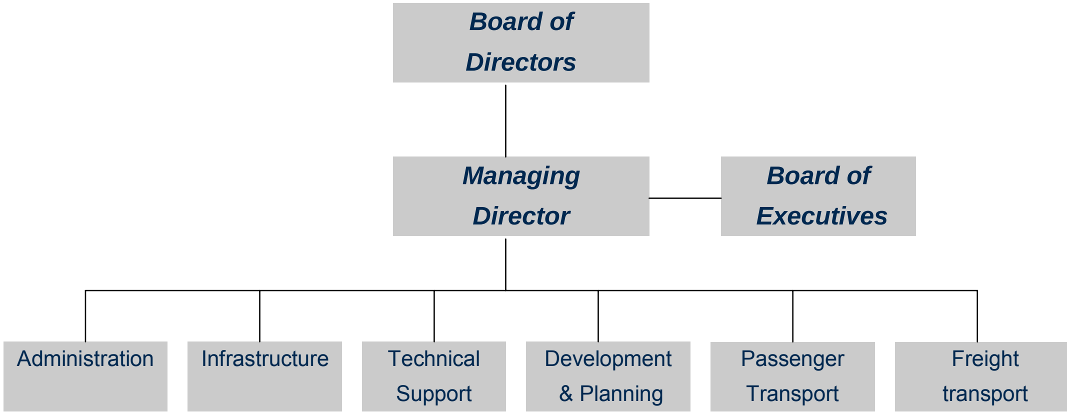
7.1.1 Compliance

Separation of accounts

The figures as presented in the 2004 annual report are not compliant with EC directives, as the accounts between passenger and freight transport and between transport and infrastructure management are not separated. Freight transport has been operated by both Thriassio S.A and Proastiakos S.A. It is unclear which subsidiary company was in charge of infrastructure management in 2004. The 2004 corporate brochure mentions that a new structure will be implemented as of 1 January 2006, which will be in full compliance with the European Union requirements regarding the organisation of railway undertakings in EU Member States and the implementation of directives 2001/12, 2001/13 and 2001/14 of the European Parliament and of the Council.

The organisational structure of OSE in place for 2004 shows that infrastructure, freight transport and passenger transport were represented by different departments or general directorates. It is unclear whether the organisational structure is in place for the mother company (OSE) only or is including the subsidiaries. Besides, it is unknown whether or not the directorates prepare individual accounts.

Figure 7.1 Organisational design of OSE in 2004



Cross subsidies
To determine whether or not cross subsidies are taking place, a more extensive audit of OSE's accounts is required. At this stage no proof is found as the accounts are not separated.

7.1.2 Public support

Costs of PSO amounted up to € 140 million in 2004. There is no mention of any amount of state aid in the annual report, however, it is stated that public service contracts between the state and railway companies are provided for under EU regulations and that this was not implemented in Greece for many years. It is unclear if it has been implemented in 2004 and whether or not OSE has received any state aid in 2004. Besides, OSE received investment support from the Community, the investments are managed by the subsidiary Erga Ose S.A. The amount of investment support received in 2004 is. The total amount invested in the period 2000-2006/2008 is € 3.473,4 million.

7.1.3 Performance

Table 7.1 Performance OSE

Ratio	2004
Cost per staff member	€ 0,06 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	Not available
Viability ratio	0,21
Total commercial traffic revenue per traffic unit	
Per passenger - km	€ 0,04
Per freight - km	€ 0,04
Asset intensity	13,45
Debt as proportion of total liabilities	74%
Debt equity ratio	3,26
Debt service	0,43
Return on Equity	-0,42

8 Spain

List of companies studied:

- Red Nacional de los Ferrocarriles Españoles RENFE
- EuskoTren
- Ferrocarriles Españoles de Via Estrecha (FEVE)
- Ferrocarrils de la Generalitat de Catalunya (FGC)
- Administrador de Infraestructureas Ferroviarias (ADIF)

8.1 RENFE

RENFE is Spain's former state owned national railway company. RENFE has been split up in operations and infrastructure in January 2005. This study concerns the annual accounts of 2004, and conclusions might therefore be somewhat outdated in light of the reorganisation. In 2004, RENFE was also the infrastructure manager for the national rail network. It is unclear if and how access charges have been calculated in 2004.

8.1.1 Compliance

Separation of accounts
RENFE had many business units in 2004, all producing a profit and loss account. Passenger transport has been separated from freight and infrastructure management. Separate balance sheets are not available. Therefore in 2004 the accounts of RENFE did not comply with the EC directives.

Cross subsidies
No evidence of cross subsidies has been found. A more in-depth audit of the books is needed to determine whether or not cross subsidies are existing.

8.1.2 Public Support

In 2004, RENFE received the following amounts of public support:
€ 51,3 million for regional lines (PSO)
€ 199,7 million for commuter lines (PSO)
€ 761,6 million for infrastructure management
€ 213,9 for state debt and adjustment

Besides, there is an income of € 34,6 million from specific agreements with autonomous regions.

8.1.3 Performance

Table 8.1 Performance RENFE (consolidated figures)

Ratio	2004
Cost per staff member	€ 0,10 million
Passenger transport	*€ 0,17 million*
Freight transport	*€ 0,15 million*
Infrastructure management	*€ 0,08 million*
Staff costs as a proportion of operating costs	44,96%
Passenger transport	*26,78%*
Freight transport	*32,20%*
Infrastructure management	*42,97%*
Labour productivity	0,02
Passenger transport	*0,06*
Freight transport	*0,021*
Viability ratio	0,87
Passenger transport	*0,86*
Freight transport	*0,15*
Infrastructure management	*1,06*
Total commercial traffic revenue per traffic unit	
Per passenger	*€ 2,17*
Per tonne-km freight	*€ 0,03*
Asset intensity	2,24
Debt as proportion of total liabilities	56%
Debt equity ratio	1,47
Debt service	8,06
Passenger transport	*4,06*
Freight transport	*3,92*
Infrastructure management	*11,98*
Return on Equity	0,00

8.2 GIF / ADIF

GIF was the infrastructure manager for high speed lines in 2004. As from January 2005, GIF merged with RENFE's infrastructure management department into ADIF. The opening balance sheet from ADIF is not officially published at this state and could therefore not be provided. 2004 accounts for GIF have been requested but they were not available.

8.2.1 Compliance

Separation of accounts

As ADIF is solely an infrastructure manager, separation of accounts between transport and infrastructure management is safeguarded from 2005 onwards. In 2004, RENFE's profit and loss accounts were available per business unit including one for infrastructure management, but no separate balance sheets were available per unit. Therefore in 2004, the annual accounts were not compliant with EC directives.

Cross subsidies
It is unclear if there have been cross subsidies in 2004, in 2005, as the companies have been slit, this is no longer a relevant concern.

8.2.2 Public support

In 2004, the infrastructure management department within RENFE received the following public support:
€ 761,6 million for infrastructure management

Accounts of GIF have not been provided, therefore no information is available on the public support for former GIF.

8.2.3 Performance

No figures are available on GIF performance, for the former RENFE infrastructure management department, the following parameters can be calculated for 2004:

Table 8.2 Performance (RENFE infrastructure management)

Ratio	2004
Cost per staff member	€ 0,08 million
Staff costs as a proportion of operating costs	42,97%
Labour productivity	N/A
Viability ratio	1,06
Total commercial traffic revenue per traffic unit	N/A
Asset intensity	Not available
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	11,98
Return on Equity	Not available

8.3 Euskotren

Euskotren is a regional railway undertaking in the Bask Country (País Vasco). Euskotren specialises in passenger transport per train, metro and bus and also manages its own infrastructure. Euskotren is owned and managed by the Bask Government.

8.3.1 Compliance

Separation of accounts
Accounts are not separated between bus, metro and train transport and infrastructure and transport.

Cross subsidies

To determine whether or not there are cross subsidies within Euskotren, a more in-depth audit of the accounts is required.

8.3.2 Public support

Euskotren received subsidies (not specified)amounting to € 3,7 million in 2004

8.3.3 Performance

The low traffic revenue per passenger is striking. If this is compared to the traffic revenue per passenger –km, it can be concluded that many passengers make short trips with the Euskotren trains. Revenue for passenger-km is relatively high compared to other European railways.

Table 8.3 Performance Euskotren

Ratio	2004
Cost per staff member	€ 0,07 million
Staff costs as a proportion of operating costs	46,08%
Labour productivity	0,02
Viability ratio	0,32
Total commercial traffic revenue per traffic unit	
Per passenger	€ 0,64
Per passenger-km	€ 2,56
Asset intensity	4,03
Debt as proportion of total liabilities	15%
Debt equity ratio	0,17
Debt service	0,37
Return on Equity	-0,19

8.4 FEVE

For FEVE, the annual report of 2004 is not available at this stage; therefore, this study is based on 2003 figures for FEVE.

FEVE is a narrow gauge integrated railway company, owning its own narrow gauge infrastructure. The network is mainly situated in northern Spain, but FEVE is also operating passenger transport in Murcia.

8.4.1 Compliance

Separation of accounts

Accounts are not separated between infrastructure management and transport and between passenger and freight transport.

Cross subsidies

As accounts are not separated, no information on cross subsidies can be derived from the annual accounts. A further audit of the books of FEVE is required to get more insight into the situation regarding cross subsidies.

8.4.2 Public support

In 2003, FEVE received the following public support:

- From the state
  - € 73,5 million for exploitation
  - € 26 million of capital injection
- From Junta Castilla y León for the León-Guardo-line
  - € 1,2 million for exploitation
  - € 0,4 million of capital injection
- FEDER
  - € 12,4 million capital injection
- Comunidad Autónoma de Murcia:
  - € 0,5 million of capital injection
- Tax exemptions: € 2.2 million
- Subsidy for capital transfer to operating result € 26,7 million

8.4.3 Performance

Table 8.4 Performance FEVE

Ratio	2003
Cost per staff member	€ 0,06 million
Staff costs as a proportion of operating costs	49%
Labour productivity	0,01
Viability ratio	0,86
Total commercial traffic revenue per traffic unit (passenger or freight)	Not available
Asset intensity	5,1
Debt as proportion of total liabilities	0,29
Debt equity ratio	0,86
Debt service	0,03
Return on Equity	-0,02

8.5 Ferrocarrills de la Generalitat de Catalunya

FGC is the regional railway company of Catalonia. It operates trains (passenger and freight), metro and owns a number of tourist trains and resorts (in a ski resort, a resort in the mountains, a Bedouin place (Montserrat) etc).

The 2004 annual report was analysed for this study.

8.5.1 Compliance

Separation of accounts
The accounts of FGC are not separated.

Cross subsidies
A more in-depth audit of FGC's accounts and cash flows within the company is needed to be able to make any statements regarding cross subsidies.

8.5.2 Public support

FGC received an amount of € 51,9 million of subsidy in 2004, which equals the operating loss after taxes of that year.

8.5.3 Performance

Table 8.5 Performance FGC

Ratio	2004
Cost per staff member	€ 0,08 million
Staff costs as a proportion of operating costs	50,32%
Labour productivity	0,06
Viability ratio	1,04
Total commercial traffic revenue per traffic unit	
Per passenger	*€ 0,62*
Per passenger-km	*€ 0,06*
Asset intensity	8,07
Debt as proportion of total liabilities	13%
Debt equity ratio	0,16
Debt service	0,31%
Return on Equity	0,00

9 France

List of companies studied:
- SNCF
- SNCF Cargo
- Keolis
- RFF

9.1 RFF

RFF is the infrastructure manager for the SNCF network, the company exists since 1997. It is only a management company; all day to day activities are still performed by SNCF based on a standard planning and costing agreement (Euro 2,6 billion in 2004). RFF has 588 staff members.

SNCF performs the following tasks for RFF:
- time table preparation / capacity management (this will change in 2005 as the first new operators appear in France),
- traffic control (operational capacity management)
- day to day maintenance of the infrastructure.

RFF is not in control of its own operational costs, a struggle to get more influence on the operations performed by SNCF is ongoing. The annual report 2004 does not explain how the payment to SNCF is composed. RFF transports and procures electricity for traction. The transport costs are included in the user charges, the electricity consumption bill is 100% transferred to SNCF.

RFF inherited all SNCF debts for infrastructure investments in 1997; this was created as a passive / debt to SNCF. The dissolution of these debts is still ongoing. For new investment works RFF takes grants, subsidies, loans and bonds as source of financing.

In 2004, an ongoing discussion was taking place about the split of real estate between RFF and SNCF. RFF has to pay SNCF for the management of its real estate (95 million in 2004) and is not free to use it in the market.

Income is generated from:
- access charges, - in 2004 99,9% of access charges originated from SNCF,
- subsidies as compensation for access charges as far as these do not cover the operational costs
- some income from real estate

Depreciation is included in the operational costs.

9.1.1 Compliance

Separation of accounts
RFF is a separate company legally independent from SNCF. Its accounts regard only infrastructure and thus seem compliant with EC directives. However, as the operational costs paid to SNCF are only presented as a lump sum, in fact it can not be verified whether or not the separation of activities is truly compliant.

Cross subsidies
Within RFF, no cross subsidies will be found, as it is only an infrastructure manager. However, the fact that the majority of the tasks of RFF are performed by SNCF creates several cross subsidy options between the two companies. A more detailed audit of the books of both companies should be undertaken to get more insight in the cross subsidies between RFF and SNCF.

9.1.2 Public support

RFF receives following support:
- State subsidy about 1.1 billion compensation for missing income from user charges
- State subsidizes for renewal of tracks; this is treated as investment work / investment subsidy, amounts are not presented.
- Projects receive all kind of funding by State and EU sources.

9.1.3 Performance

Table 9.1 Performance RFF (consolidated figures)

Ratio	2004
Cost per staff member	€ 8,5 million
Staff costs as a proportion of operating costs	0,65%
Labour productivity	Not applicable
Viability ratio	0,96
Total commercial traffic revenue passenger	Not applicable
Asset intensity	6,6
Debt as proportion of total liabilities	92%
Debt equity ratio	-10,02
Debt service	0
Return on Equity	-0,02

9.2 SNCF and SNCF Cargo

9.2.1 Compliance

For this study, the 2004 annual report for Groupe SNCF has been analysed. Separate reports for sectors are mentioned (reference is made to www.sncf.com website) but can not be found on the Internet. According to the EU decision about SNCF Fret state aid the separate accounts must exist (for more information see paragraph 9.2.2). An information request has been sent to SNCF, but no additional information has been provided.

Separation of accounts
Separate accounts are only presented in summary in the consolidated report for Groupe SNCF, no balance sheets per segment are enclosed.
Different accounts are:

- Passengers international and TGV (no subsidy)
- Regional (TER and Ile de France) with State subsidy and regional support (regions invest in rolling stock) including KEOLIS UK franchises (UK PSO concessions)
- Cargo / Freight including all road transport subsidiaries (Geodis, Calbertson, Sernam etc)
- Infrastructure Management (for RFF)

No explanation about separation of accounts is given. Reference is only made to old French laws, rather than to European law.

According to the decision of the European commission regarding State aid for SNCF Freight there are separate accounts and balance sheets for SNCF FRET. The accounts comply with EU regulations. The commission encountered an audit on internal SNCF cost allocation especially regarding costs for rolling stock. The commission decided that the accounting system works correct and is in itself no cause for cross subsidy. Condition for support of SNCF Fret is that accounts are separated, that SNCF Fret gets separate juridical status and open access is really implemented.

Cross subsidies
As only SNCF Cargo is a separate entity, cross subsidy between PSO and non PSO services is possible. A detailed audit of the books of both entities (SNCF Group and SNCF Fret) is needed to get more insight into the existence of cross subsidies.

9.2.2 Public support

The annual report contains data on Public support:

- For regional transport: € 1.860 million for operations and infrastructure access charges. The amount includes:
    - Regional contracts in France – the regions invest in rolling stock and stations and in some cases also provide operations subsidies
    - Investment funding for rolling stock: € 572 million (accounted for in the Profit and Loss Account as an amortisation reduction)
    - International PSO received by subsidiary KEOLIS (not separately specified).

- Support for long distance services
- Subsidy for pensions € 2.437 million, and other social funds € 28 million
- Compensation for passenger transport tariffs: € 510 million

9.2.3 Performance

Table 9.2 Performance SNCF (consolidated figures)

Ratio	2004
Cost per staff member	€ 0,12 million
Staff costs as a proportion of operating costs	45,7%
Labour productivity	Not available
Viability ratio	1,03
Total commercial traffic revenue passenger	Not available
Asset intensity	1,64
Debt as proportion of total liabilities	84%
Debt equity ratio	6,87
Debt service	1,69%
Return on Equity	0,11

9.3 Keolis

Keolis is an international, inter modal passenger transport company. It is a subsidiary company of SNCF. Keolis has operations in 7 European countries and in Canada, and operates passenger transport systems on behalf of Transport Authorities. Keolis is a specialist in automatic metros, manager of the largest bus and coach fleet in France as well as operator of trams and rail networks in Europe. For this study, the 2004 financial report for Keolis is used, this report contains consolidated figures only.

9.3.1 Compliance

Separation of accounts

Keolis focuses on passenger transport, therefore separation of accounts between passenger and freight transport and between infrastructure management and transport is safeguarded. No information on the different countries and different sectors can be provided due to confidentiality. The notes to the consolidated financial statements make note of the balance sheets of the subsidiary companies and how they are consolidated.

Cross subsidies

No proof of cross subsidies can be found in the Keolis consolidated accounts. As Keolis focuses on passenger transport, there will be no issue regarding cross subsidies between freight and passenger transport. However, cross subsidies might exist between the different modalities of transport and between different countries in which Keolis has operations. Further audit of the books is required to determine whether or not this is the case.

9.3.2 Public support

Keolis operates public transport facilities on behalf of public entities. However, no mention is made of any public support. However, the SNCF annual accounts refer to PSO subsidies received by Keolis, however, no amounts are provided in that annual account.

9.3.3 Performance

Table 9.3 Performance Keolis (consolidated figures)

Ratio	2004
Cost per staff member	€ 0,07 million
Staff costs as a proportion of operating costs	55%
Labour productivity	Not available
Viability ratio	1,02
Total commercial traffic revenue passenger	Not available
Asset intensity	0,5
Debt as proportion of total liabilities	58%
Debt equity ratio	6,96
Debt service	0,00
Return on Equity	0,25

10 Ireland

As the railway network of Southern Ireland is not connected to any EU railway networks, it has until 2008 been exempted from compliance to EU directive 91/440 amended by 2001/12 art 9.4.

Northern Ireland is covered by the country report in the United Kingdom.

In Southern Ireland Iarnród Éireann is subject to this study.

10.1 Iarnród Éireann

Iarnród Éireann is an integrated railway undertaking managing its own infrastructure. Iarnród Éireann is the subsidiary company of CIE (Córas Iompair Éireann) responsible for rail transport and infrastructure management. The principal activities of the company are the provision of national rail intercity services, commuter passenger services, freight services, catering services and the management of Rosslare Europort.

For this study, the annual report of 2004 has been analysed.

10.1.1 Compliance

Separation of accounts

Accounts have not been separated in 2004; however, the annual report does provide a divisional analysis of the profit and loss account. No separate balance sheets have been published for the different divisions.

Cross subsidies

Cross subsidies can not be precluded; a more extensive audit of the books is needed to ascertain if the state grants received are allocated to the right activities. Iarnród Éireann receives many public grants, as specified in the paragraph below. However, in the profit and loss account, only € 79 million has been allocated to rail operations, whereas € 146,9 million worth of PSO grants was received. A total of € 158 million was allocated to infrastructure maintenance. In total an amount of € 317,5 million of state grants was received, the remaining amount of € 80,5 million was not allocated.

10.1.2 Public support

Iarnród Éireann has invested over € 1,5 billion in rebuilding the railways since 1999, with local government support as well as EU support for improvements of new trains, upgraded infrastructure and customer facilities.

State grants indicated in the 2004 annual report are:

- State grants –Exchequer subvention: € 171 million
- Railway exchequer safety grant: € 10,6 million
- Exchequer funded renewals: € 47 million
- EU funded renewal: € 8 million
- Grants for operation of passenger services main line (PSO) € 135 million
- Grants for operation of passenger services suburban line (PSO) € 11,9 million
- Deferred income: € 68 million
- Grants transferred to holding company (CIE) for land and buildings: € 20 million

10.1.3 Performance

Table 10.1 Performance Iarnród Éireann (consolidated figures)

Ratio	2004
Cost per staff member	€ 0,07 million
Staff costs as a proportion of operating costs	60,7%
Labour productivity	0,01
Viability ratio	0,97
Total commercial traffic revenue passenger	€ 4,08
Asset intensity	2,76
Debt as proportion of total liabilities	43%
Debt equity ratio	-6,57
Debt service	1,49
Return on Equity	0,23

11 Italy

In Italy nine main railway undertakings are currently operating the passenger and cargo transport. The two largest undertakings are FNME and Trenitalia which operate both cargo and passenger transport.

The following companies are studied:
- Trenitalia SpA
- Cargo Trenitalia
- FNME - Ferrovie Nord-Milano
- FER - Ferrovie Emilia Romagna
- RLI - Railion Italia
- HUPAC: (NL, DE, IT, CH)
- RFI – Rete Ferroviaria Italiana (Infrastructure manager)

11.1 Trenitalia

Trenitalia is part of the state owned Gruppo Ferrovie dello Stato SpA (FS). This holding company was established in 2000 after the liberalisation of the railway market. Another part of FS is the infrastructure manager RFI that is currently responsible for capacity allocation throughout the Italian network. Since the infrastructure manager RFI is also part of the Gruppo Ferrovie dello Stati SpA, special attention is required regarding the autonomy of Trenitalia and RFI.

Trenitalia is 100% owned by FS. Trenitalia is the passenger transport company of FS, however, in its separate accounts for 2003, the freight transport of FS Cargo is also included.

For this study, the 2003 annual report was studied.

11.1.1 Compliance

Separation of accounts
Trenitalia publishes its own accounts also comprising the figures for FS Cargo, this does not show from the separate account but will be noticed as soon as the holding accounts are studied. A restructuring is currently ongoing, separating the two companies. Therefore from 2005 onward, accounts are expected to be separated.

Cross subsidies
As Trenitalia 2003 accounts include FS Cargo figures there could be cross subsidies between passenger and freight transport; however, no evidence is to be found in the accounts. Besides, As both Trenitalia SpA and RFI are part of the same FS Group, more extensive research should be undertaken regarding the flows of funds between the subsidiaries in order to be able to determine whether or not in 2003 cross subsidies existed within the FS group.

11.1.2 Public support

Trenitalia received 2 kinds of PSO in 2003:
From regions: € 1.225,1 million
From state € 480,6 million

Other state aid for FS included a programme contract (€ 382 million) and other operating grants (€ 20 million).

11.1.3 Performance

Table 11.1 Performance Trenitalia (consolidated figures)

Ratio	2003
Cost per staff member	€ 0,09 million
Staff costs as a proportion of operating costs	48,62%
Labour productivity	
Viability ratio	1,01
Total commercial traffic revenue per traffic unit	
Per passenger	€ 4,32
Per tonne-km freight	€ 0,03
Asset intensity	1,91
Debt as proportion of total liabilities	47%
Debt equity ratio	2,04
Debt service	1,30
Return on Equity	-0,01

11.2 Cargo Trenitalia

For Cargo Trenitalia, the 2004 figures are not available at this stage. Therefore 2003 figures of FS Cargo have been used. These figures are included in the 2003 Trenitalia SpA financial accounts.

11.2.1 Compliance

Separation of accounts
In 2003, figures for FS Cargo were included in Trenitalia figures. A restructuring is currently ongoing, separating the two companies. Therefore from 2005 onward, accounts are expected to be separated.

Cross subsidies
As Trenitalia SpA, Trenitalia Cargo and RFI are all part of the same state owned FS, cross subsidies cannot be precluded. More extensive research should be done regarding the flows of funds between the subsidiaries in order to be able to determine whether or not cross subsidies exist within the FS group.

11.2.2 Public support

The Trenitalia SpA financial statements of 2003 do not mention any state aid for FS Cargo.

11.2.3 Performance

Please refer to paragraph 10.1.3 for 2003 performance figures of Trenitalia SpA, which contain the figures for FS Cargo. The FS Group annual report of 2003 indicates that FS Cargo was performing poorly in 2003 due to turnover falling more than proportionally to the cost reductions made. The net financial position decreased from € 19,2 million to €9,5 million from 2002 to 2003. This was due to a financial debt of € 5,4 million contracted with Trenitalia.

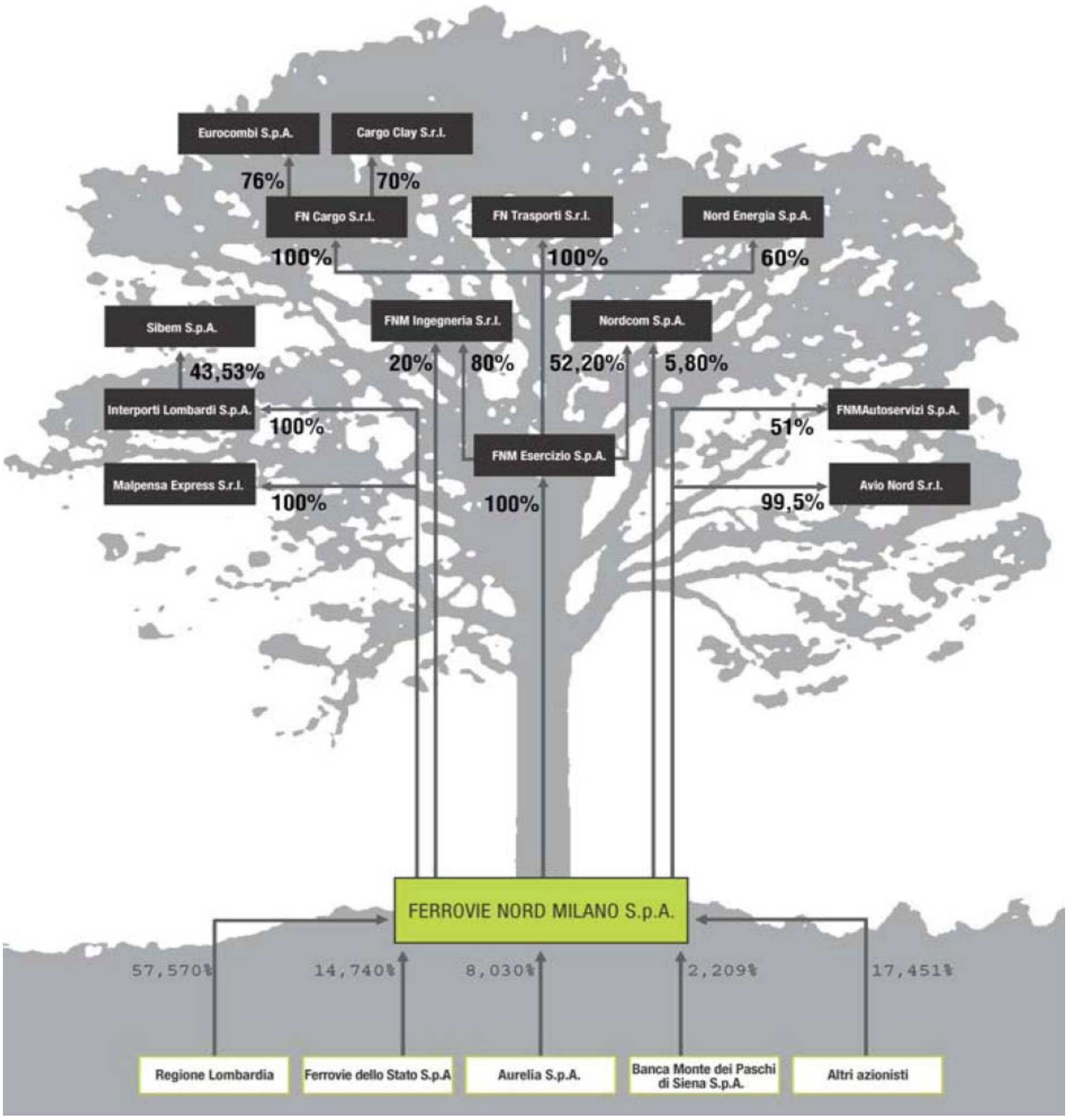
11.3 Ferrovie Nord-Milano (FNM)

FNME is a holding company owned by Lumbardy Region of Italy. FNM has a number of subsidiary companies in rail (cargo and passengers), road, aviation, energy, engineering etc. The railway undertakings are owned by FNM Esercizio which is a 100% subsidiary of FNM. The organisation chart is shown in figure 11.1 below.

In 2003, subsidiary company FNM Esercizio S.p.A. (FNME) has been reorganised, splitting its railway activities into a company for freight transport (FN Cargo S.r.l.) and a company for passenger transport (FN Trasporti S.r.l.-FNMT) FNME manages its own infrastructure. The region of Lombardia has granted the concession for the regional rail network to FNME. FNME is therefore the infrastructure manager FNME works closely together with RFI with in case the regional net is linked to the national net.

The subsidiaries studied are:
FNME – Infrastructure management
FNMT – Passenger Transport
FN Cargo – Freight transport

Figure 11.1 Structure of Ferrovie Nord-Milano group



(source: www.ferrovinord.it)

In this study the consolidated figures 2004 of FNM Esercizio S.p.A. and 2004 figures from FN Cargo and FN Trasporti are analysed.

11.3.1 Compliance

Separation of accounts

Each separate company publishes its own accounts, therefore separation of accounts between passenger transport and freight transport and transport and infrastructure management is safeguarded.

Cross subsidies

No evidence is found in the annual accounts of any cross subsidy within the holding company or between subsidiary companies.

11.3.2 Public support

FNMT (passenger transport) received € 1,6 million from the Italian Ministry of Transport for the renovation of CCNL Autoferrotranvieri. Furthermore, FNMT obtains an income of € 61,3 million for a service contract with the Lombardia Region, this is a PSO contract.

11.3.3 Performance

Table 11.2 Performance FNM Nord Milano(consolidated figures)

Ratio		2004
Cost per staff member	*FNME*	€ 0,08 million
	FN Cargo	€ 0,19 million
	FNMT	€ 0,10 million
Staff costs as a proportion of operating costs	*FNME*	56,17%
	FN Cargo	25,37%
	FNMT	44,74%
Labour productivity	*FNME*	0,00
	FN Cargo	0,00
	FNMT	0,04
Viability ratio	*FNME*	1,05
	FN Cargo	0,89
	FNMT	1,06
Total commercial traffic revenue per traffic unit	*FNME*	N/A
	FN Cargo (per tonne-km freight)	Not available
	FNMT (per passenger)	1,06
Asset intensity	*FNME*	2,07
	FN Cargo	0,55
	FNMT	0,73
Debt as proportion of total liabilities	*FNME*	57%
	FN Cargo	63%
	FNMT	61%
Debt equity ratio	*FNME*	20,02
	FN Cargo	3,72
	FNMT	10,17
Debt service	*FNME*	0,20%
	FN Cargo	0,11%
	FNMT	0,00%
Return on Equity	*FNME*	0,06
	FN Cargo	-1,02
	FNMT	0,55

11.4 Ferrovie Emilia Romagna (FER)

Ferrovie Emilia Romagna (FER) is an integrated railway company, operating local passenger trains, freight trains and active in infrastructure management. FER is also active in bus services.

FER has been a limited liability company since 11 April 2000. The members are Emilia Romagna Region with a membership quota of 59,44% and the Province of Bologna, Ferrara, Mantova, Modena, Parma, Ravenna, Reggio Emilia and Rimini, each member has a quota of 5,07%.

FER runs local passenger trains on the following tracks:
- Parma-Suzzara,
- Suzzara-Ferrara,
- Ferrara-Codigoro-Pomposa,
- Bologna-Portomaggiore-Dogato
- Bologna-Vignola.

These are PSO contracts (both State PSO and Regional PSO)
FER is also the infrastructure manager on these tracks.

FER runs freight services on the following tracks:
- Ravenna - Guastalla;
- Bologna S.D.N. - Mirandola - Recere;
- Mantova Frassini - Ravenna;
- Bologna S.D.N. - Bologna Interporto;
- Ferrara - Ravenna;
- Ravenna - Gonzaga;
- Ravenna - Guastalla - Reggio Emilia – Dinazzano

FER transported about 1,3 million tonnes on these tracks and over 300.000 tonne-kilometres.

Recently (21 December 2005), after the Italian government adapted the magnitude of the subsidies it provides according to EU rules, the European Commission decided that the Italian system to subsidize rolling stock investment for railway undertakings such as FER is now allowed.

The company capital is € 890.888,00. Detailed financial information is not available for this study.

11.5 Railion Italia (RLI)

On 8 June 2004, Railion Deutschland purchased a 95% stake in the Italian rail freight transport company Strade Ferrate del Mediterraneo S.r.L (SFM). the company was transformed into Railion Italia in July 2005. SFM started operations from its base in Alessandria in 2001 now it mainly operates open access freight trains from the border with Switzerland into Italy.

The first transport by Railion Italia was run in December 2004. Railion Italy has been requested the 2004 financial accounts for Strade Ferrate del Mediterraneo, but figures were not available.

11.6 HUPAC

Please refer to the Switzerland country report, chapter 25.5.

11.7 Rete Ferroviaria Italiana (RFI)

11.7.1 Compliance

Separation of accounts
RFI is the infrastructure manager of the state owned Gruppo Ferrovie dello Stato SpA (FS). Separation of accounts is safeguarded as RFI focuses on infrastructure management only.

Cross subsidies
As Trenitalia SpA, Trenitalia Cargo and RFI are all part of the same state owned FS, cross subsidies cannot be precluded. However, each of the subsidiary company has its own profit and loss account and balance sheet. More extensive research should be done regarding the flows of funds between the subsidiaries in order to be able to determine whether or not cross subsidies exist within the FS group.

11.7.2 Public support

The public support for RFI is as follows in 2003:

Subsidies (other that state subsidies):	€ 386,5 million
In the sense of EC regulations:	€ 382,1 million
Other state support :	€ 4,4 million
Infrastructure reorganisation fund	€ 1.926,4 million
Ordinary maintenance fund (state support)	€ 977,0 million

11.7.3 Performance

Table 11.3 Performance RFI (consolidated figures)

Ratio	2003
Cost per staff member	€ 0,13 million
Staff costs as a proportion of operating costs	32%
Labour productivity	Not applicable
Viability ratio	1,00
Total commercial traffic revenue per traffic unit	Not applicable
Asset intensity	13,17
Debt as proportion of total liabilities	0,05
Debt equity ratio	0,12
Debt service	0,00
Return on Equity	0,00

12 Luxembourg

In Luxembourg, transport and infrastructure management are performed by the same company: Societe Nationale des Chemins de Fer Luxembourgeois (CFL).

12.1 Societe Nationale des Chemins de Fer Luxembourgeois (CFL)

CFL is an integrated railway company as well as a bus operator. Infrastructure management is also executed by CFL.

12.1.1 Compliance

Separation of accounts
Accounts have not been separated. In the profit and loss account the income and costs are classified into passenger and freight transport and infrastructure management. There are no separate balance sheets.

Cross subsidies
As the accounts have not been separated, there is no evidence of cross subsidies to be found. However, to preclude cross subsidies, the accounts of CFL should be audited.

12.1.2 Public support

The balance sheet shows that the State Grand-Ducal is a short term creditor to CFL. The funds payable by the state concern public service contracts and this is passenger transport PSO.

In 2004 CFL received the following amounts of public support:

PSO for passenger services:	€ 93,3 million
Support for infrastructure management:	€ 183,0 million
Investment support from the national Infrastructure Fund	€ 85,5 million

12.1.3 Performance

Table 12.1 Performance CFL (consolidated figures)

Ratio	2004
Cost per staff member	€ 0,16 million.
Staff costs as a proportion of operating costs	43,92%
Labour productivity	0,01
Viability ratio	1,02
Total commercial traffic revenue per traffic unit	
Per passenger	€ 2,45
Per tonne-km freight	€ 0,16
Asset intensity	1,56
Debt as proportion of total liabilities	46%
Debt equity ratio	0,92
Debt service	1,56
Return on Equity	0,00

13 Latvia

Latvia is a recent member of the EU and is still in the beginning of the process of railway reform.

Infrastructure Manager and train operation company:

- Latvijas Dzelzcels

13.1 Latvijas Dzelzcels (LDz)

The Latvian railways LDz is a joint stock company (wholly owned by the State), covering the provision of infrastructure management and passenger & freight railway services. According to the Government's Restructuring Action Programme for 2000 – 2003, LDz will be transformed into a Latvian Railway Holding Company. The infrastructure management and railway undertaking will be separated into subsidiaries within the Holding Company. However, by the end of 2004 this transformation still seems to be in the pipeline.

13.1.1 Compliance

Separation of accounts

Latvijas Dzelzcels is responsible for the whole Latvian Railway; infrastructure management, passenger service and freight services. Only consolidated information appears in the annual report; both the organisation and the financial statement indicate that no separation of accounts exits.

Cross subsidies

In the annual accounts no evidence of cross subsidies has been encountered. However, as LDz is an integrated company, the books should be audited more carefully to be able to determine the (non-) existence of cross subsidies.

13.1.2 Public support

The total amount of allocated funds for the joint-stock company operating passenger Train" (Latvian Railway' s subsidiary company) for the year 2004 was LVL 8.653.953 which included:

- Grant for elimination of cross-subsidies in railway transport – LVL 5.728.486
- Grant for passenger transportation – LVL 1.294.572
- Grant for compensation of rise in derv prices – LVL 62.555
- Compensation for transportation of disabled persons and victims of political repression – LVL 1.568.340

13.1.3 Performance

Table 13.1 Performance LDz

Ratio	2004
Cost per staff member	LVL 0,01 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	Not available
Viability ratio	1,08
Total commercial traffic revenue per traffic unit (passenger or freight)	Not available
Asset intensity	1,39
Debt as proportion of total liabilities	37%
Debt equity ratio	0,64
Debt service	1,00
Return on Equity	0,02

14 Lithuania

Lithuania, a recent member of the EU, is still in the process of reforming its railways.

Infrastructure Manager and train operating company:
- AB Lietuvos Gelezinkeliai

14.1 AB Lietuvos Gelezinkeliai

AB Lietuvos Gelezinkelia is still an integrated railway company. A government resolution has however been drafted in order to reorganise the Lithuanian Railways according to the EU directives - by the end of 2004 the actual change still seems to be in the pipeline.

14.1.1 Compliance

Separation of accounts
The 2004 Annual Report of AB Lietuvos Gelezinkelai, only shows the income statements per activity, the balance sheet is consolidated for the whole company.

Cross subsidies
From the information available it is hard to determine if cross subsidies occur. It should however be noted that the auditors note states that tariffs for passenger transport not do cover operational cost for passenger transport, which must give rise to either a subsidy or a cross-subsidy. Grants and subsidies are not broken down in any detail.

14.1.2 Public support

Grants and subsidies are not broken down in any detail. Public support amounted up to 284,5 million LTL in 2004.

14.1.3 Performance

Table 14.1 Performance AB Lietuvos Gelezinkelia

Ratio	2004
Cost per staff member	LTL 0,08 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	Not available
Viability ratio	1,10
Total commercial traffic revenue per traffic unit	
Per passenger	*LTL 7,05*
Per tonne-km freight	*LTL 0,04*
Asset intensity	2,45
Debt as proportion of total liabilities	20%
Debt equity ratio	0,29
Debt service	Not available
Return on Equity	0,04

15 Hungary

Infrastructure Managers and train operation companies:

- MAV Co Ltd.
- GySEV Inc.

MAV Rt. and GySEV Rt. use each other's railway network on the basis of a bilateral framework agreement. The distinction between networks is that the Gysev network is used mainly for international freight (although some small scale domestic services are run).

15.1 MAV Co Ltd

MAV, the state railway operator became a registered incorporated company in 1995. The ownership of the infrastructure assets is retained by the state, and MAV is responsible for the operations.

MAV was split into 5 business units in 2003: traction, passenger transport, freight transport, engineering and property. A capacity allocation and user fee determination unit, VPE, was created by the Ministry of Transport in 2001 under the auspice of the Traction business unit. Since early 2003, VPE has been operating under the marketing department. It is currently not independent from the passenger and freight undertakings. However according to the Railway law it became independent in early 2004.

15.1.1 Compliance

Separation of accounts

The accounts of MAV are not separated. No separate balance sheets are shown and the profit and loss account only separates income into domestic and export sales.

Cross subsidies

The lack of separated accounts makes it impossible to determine whether any cross-subsidies are present. A further audit of the accounts would be needed to obtain any insight in the existence of cross subsidies

15.1.2 Public support

There is no information concerning public support in the annual report. The existence of public support, however, has not been ruled out and an employee of MAV is currently working on acquiring this information.

15.1.3 Performance

Table 15.1 Performance MAV Co. Ltd.

Ratio	2004
Cost per staff member	HUF 6,7 million
Staff costs as a proportion of operating costs	46%
Labour productivity	0,00
Viability ratio	0,83
Total commercial traffic revenue per traffic unit	Not available
Asset intensity	2,46
Debt as proportion of total liabilities	71%
Debt equity ratio	4,65
Debt service	Not available
Return on Equity	-0,42

15.2 GySEV Inc.

Gysev is jointly owned by the Hungarian State (61%), the Austrian State (33%), the Port of Hamburg (5%) and private owners (1%). For the majority of its international services Gysev co-operates with OBB (the Austrian State railway undertaking which has over 300 locomotives which are capable of operating on both networks). For international services, Gysev and OBB enter into an agreement with MAV to pay infrastructure user charges in return for access rights.
Gysev is a concession holder with the State purchasing its services under contract.

15.2.1 Compliance

Separation of accounts
Accounts of GySEV are not separated. The profit and loss account is not broken down to cover freight-, passenger- and infrastructure-branches separately, but only shows consolidated figures. There are no separate balance sheets.

Cross subsidies
As there is no separation of accounts it has not been possible trace any cross-subsidies. However a more in-depth audit of the accounts will be recommendable in order to get more insight into the existence of cross subsidies.

15.2.2 Public support

The annual report of GySEV does not provide details on public support.

15.2.3 Performance

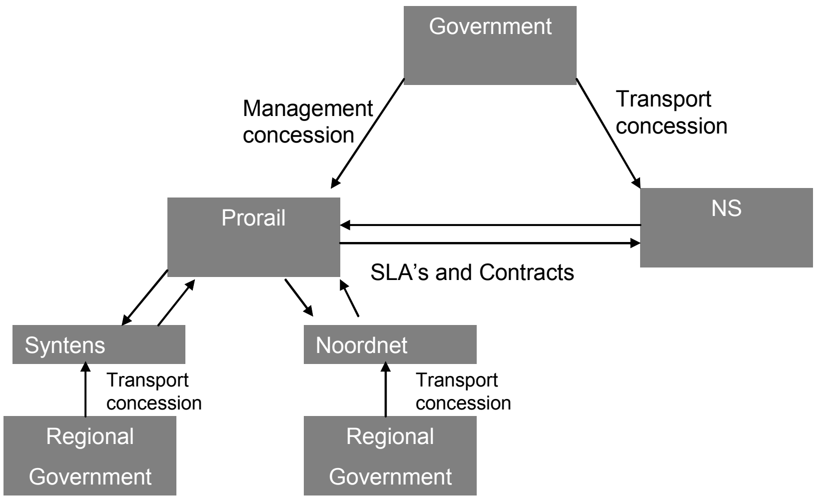
Table 15.2 Performance GySEV Inc.

Ratio	2004
Cost per staff member	HUF 16,33 million
Staff costs as a proportion of operating costs	26%
Labour productivity	0,00
Viability ratio	0,96
Total commercial traffic revenue per traffic unit	Not available
Asset intensity	1,04
Debt as proportion of total liabilities	53%
Debt equity ratio	2,33
Debt service	0,01
Return on Equity	0,00

16 Netherlands

In 2004 the railway law and the concession law have been adopted by the Dutch government. Both laws apply as from the first of January 2005. The concession system works as per the following figure.

Figure 16.1 The Dutch rail market



In the Netherlands, the old state company Nederlandse Spoorwegen, (NS) has a concession for national passenger transport, whereas Syntus and Noordned are responsible for passenger transport in some of the regions.

List of companies studied:

- Nederlandse Spoorwegen
- Railion AG (for details see German country report)
- Noordned Personenvervoer BV (figures consolidated into Arriva figures, see UK country report)
- Syntus B.V. (Syntus has no own annual report, figures are consolidated into Keolis, for details see France country report)
- R4C Rail4Chem Benelux BV (for details see German country report)
- ERS Railways B.V
- Prorail

16.1 Nederlandse Spoorwegen

NS is the national company for passenger transport. It is the old state-owned company and has become more independent of the State. However, the State still owns100% of the shares. NS has a concession to operate the Dutch main rail network until 2015. Besides passenger transport, NS obtains revenues from development and exploitation of stations and public transport nodes in close cooperation with local governments and Prorail. Furthermore, NS is active in development and construction of real estate and rental and maintenance of rolling stock (NedTrain). Railion Benelux NV inherited locomotives from the old NS (before 1996) that are under lease of NS Financial Services in Dublin, which is a NS subsidiary. Nedtrain inherited all deports and workshops in the Netherlands and services all rolling stock for all freight and passenger operators, the NMA (Dutch competition authority) surveys this in order to avoid discrimination and price manipulations.

NS (NedRailways) in cooperation with Serco have won the Northern concession in the UK. NS-company NedRailways participates 50% in this concession. The same consortium has also won the concession for the urban transport around Liverpool (Merserail concession).

NS participates in the two existing regional railway concessions (Noordned and Syntus) and in some cases also tenders for new regional concessions.

16.1.1 Compliance

Separation of accounts

NS complies with EU regulations with regards to the separation of accounts between infrastructure and passenger and freight transport, NS does not operate freight services any longer. NS is only active in passenger transport, stations and maintenance. Joint venture- and subsidiary company figures are consolidated in the figures of NV Nederlandse Spoorwegen, which is the holding company. The annual report contains a consolidated balance sheet. Results of each business unit have been reported individually. Separated accounts are existing for transport, stations and real estate developments, however, they are not presented in the annual report. The fixed assets have been specified according to the nature of the asset.

Cross subsidies

No evidence is found of any cross subsidy within the company. There are however a few financial links between NS and infrastructure company Prorail through the NS construction company Structon that performs infrastructure maintenance and through the NS stations for which responsibility is shared between NS Stations and Prorail. The question which party pays what part of the station is regulated by the State. The State finances the basic passenger facilities such as the platforms, stairs, elevators and station halls and NS Stations finances all elements that are part of the business, such as offices and shops. NS is responsible for maintenance of all facilities and charges Prorail for the maintenance of passenger facilities according to a yearly contract. Pricing of facilities to other operators is subject to NMA surveillance.

The different access charges charged to the freight operators and the passenger operator could be regarded cross subsidy in the Netherlands. Freight transport pays relatively low access charges in order to strengthen the position of rail freight transport in relation to other modalities. Passenger transport pays more access charges. In a way, passenger transport is therefore supporting freight transport.

The access charging tariffs are currently in transition and the process will be finalised in 2007 when the new Betuwe Route freight line opens.

16.1.2 Public support

NS is not eligible for PSO subsidies for operations on the national network. For a number of unprofitable NS regional lines which are operated under a contract with the state NS received the amount of PSO of € 96 million in 2004. These regional lines will be transferred to provincial concessions gradually.

The Ministry of Education and NS and bus operating companies have concluded a mass contract to allow free travel to students. This is a commercial contract. Like other reductions for instance for schoolchildren, this is incorporated in the national fare system for bus and regional train services. This contract can therefore not be regarded as public support.

16.1.3 Performance

Table 16.1 Performance NS (consolidated figures)

Ratio	2004
Cost per staff member	€ 0,1 million
Staff costs as a proportion of operating costs	41,5%
Labour productivity	0,01
Viability ratio	1,05
Total commercial traffic revenue per traffic unit (passenger)	€ 4,55
Asset intensity	2,12
Debt as proportion of total liabilities	29%
Debt equity ratio	0,48
Debt service	-1,07
Return on Equity	0,01

16.2 Prorail

Prorail is the infrastructure manager in the Netherlands. Core tasks of Prorail are:
- Rail capacity management
- Construction of new infrastructure
- Maintenance of the existing net
- Maintenance of stations and transfer facilities
- Provide safe train paths to passenger and freight trains
- Supply travellers with information

Prorail is to a large extent financed by the state and for a very small part by its access fees. Prorail pays for services to NS Station for the maintenance of public facilities at the stations. Structon (still NS) is still not privatised and has a right to about one third of the maintenance works. All maintenance and construction work is outsourced; Prorail in only an infrastructure management company including traffic control.

16.2.1 Compliance

Separation of accounts
Prorail is focussing on infrastructure management and these accounts are therefore separated from the transport services.

Cross subsidies
Prorail is only an infrastructure manager, therefore, cross subsidy is not an issue within the company. However, Prorail is still in contract with Structon (belonging to NS) and NS Stations which has a concession for the Dutch stations. The old NS infrastructure maintenance company was split into three parts in 1995. Two parts were sold to private parties, the third part (Structon) remained an NS company. Each of the three companies has obtained guaranteed contracts for daily maintenance and the right to tender for overhaul work. The maintenance contracts will gradually be published for tender. Prorail does not perform any maintenance or inspections, this is all outsourced. In order to exclude the existence of cross subsidies, the accounts of all parties should be audited.

16.2.2 Public support

Prorail is for a very large part paid for its services by state aid. Only a minor part from the income is generated by fees for services.
- From 2004 to 2007 there is a state grant of € 853 million to deal with the backlog in maintenance.
- In 2004 Prorail got a grant from the state of € 1.036 million for management and maintenance, which is contracted out by Prorail.
- In 2004, extra funds are made available by the Dutch state from the railway rehabilitation plan (Herstelplan Spoor) to deal with backlog in maintenance: € 113 million.
- In comparison, access charges amounted up to € 119 million.

16.2.3 Performance

Table 16.2 Performance Prorail

Ratio	2004
Cost per staff member	€ 0,38 million
Staff costs as a proportion of operating costs	13,4%
Viability ratio	1,12
Total commercial traffic revenue per traffic unit (passenger or freight)	N/A
Asset intensity	11,85
Debt as proportion of total liabilities	31%
Debt equity ratio	684
Debt service	9,61
Return on Equity	0,00

16.3 ERS Railways BV

ERS Railways. B.V. is active in development and organisation of rail transport of containers and equivalent units. ERS Railways forms a fiscal unity with its shareholder RS Holding B.V. and European Rail Shuttle B.V. (100% subsidiary of ERS Holding BV). Each company is independently liable for the corporation tax payable.

16.3.1 Compliance

Separation of accounts
ERS Railways B.V. focuses on rail freight transport. Therefore, separation of accounts between passenger and freight transport and transport and infrastructure management is safeguarded.

Cross subsidies
In the Netherlands, freight transport access charges are considerably lower than passenger transport access charges. This can be seen as cross subsidies from infrastructure to freight. To assess whether or not cross subsidies exist within the ERS holding, the accounts of the holding should be audited.

16.3.2 Public support

In 2004, ERS did not receive any public support. In 2005, a subsidy scheme for prototyping and adapting locomotives for the implementation of ERTMS to allow them to run on the Betuweline will be in place. ERS received MARCO POLO support to develop services between Rotterdam and Istanbul.

16.3.3 Performance

Table 16.3 Performance ERS Railways

Ratio	2004
Cost per staff member	€ 0,095 million
Staff costs as a proportion of operating costs	64,5%
Labour productivity	Not available
Viability ratio	1,05
Total commercial traffic revenue per traffic unit (freight)	Not available
Asset intensity	4,44
Debt as proportion of total liabilities	97%
Debt equity ratio	635,6
Debt service	4,53
Return on Equity	0,00

17 Austria

List of companies

- OBB
- GKB

17.1 OBB

For OBB 2004 was a transition year; in March 2004 OBB changed to a holding structure. The new structure should was launched on 1 January 2005; the effect will be a more advanced separation between Passenger, Freight and Infrastructure business.
For this study, the 2004 annual report of the holding has been used. It contains the following relevant information:

- Transfer balance sheet between old and new structure at 31-12-2004 / 1-1-2005
- Separate profit and loss accounts for infrastructure and operations
- Separate income information for passenger and freight operations, however costs are not split between passenger and freight
- Information about subsidy for passenger and freight operations
- Financing of infrastructure

17.1.1 Compliance

Separation of accounts
The annual report states that accounts are separated for infrastructure and transport according to 1992 Austrian Railway Law. Separation of freight and passenger accounts is not available for 2004.

Cross subsidies
OBB has a large number of subsidiaries for rail business (maintenance, construction, production of rolling stock), road freight transport and bus transport in Austria and in all countries around Austria. It is not immediately clear how all these companies appear in the accounts and to what extend transfer of public funding is used to obtain or run these subsidiaries. Cross subsidies can therefore not be precluded. Further in-depth audits of the books will provide more information.

17.1.2 Public Support

Public support is listed for infrastructure and transport (separate amounts are given for passenger and freight subsidy). The following public support was received in 2004:

- State subsidy: € 561,7 million (Bund Gemäß § 3 BBG 1992) of which € 459 million was PSO for passenger transport and € 103 million to freight transport.

- Other public support resulting from contracts with regions: € 51,5 million for passenger transport
- State support: € 978 million for the availability of infrastructure and the expansion of the network (Gemäß §2 BBG 1992)
- State subsidy: € 196 million for financial costs of infrastructure management (Gemäß §2 BBG 1992)
- State subsidy: € 143 million for the loss of infrastructure management (Gemäß §2 BBG 1992)

17.1.3 Performance

Table 17.1 Performance OBB (consolidated figures)

Ratio	2004
Cost per staff member	€ 0,08 million
Staff costs as a proportion of operating costs	52%
Labour productivity	0,01
Viability ratio	1,01
Total commercial traffic revenue per traffic unit	
Per passenger	€ 3,00
Per tonne freight	€ 9,12
Asset intensity	4,5
Debt as proportion of total liabilities	84%
Debt equity ratio	8,05
Debt service	0,03
Return on Equity	0,01

17.2 GKB - Graz-Köflacher Bahn und Busbetrieb GmbH

In Austria there are several regional railways owned by the region, providing passenger services (PSO), as well as commercial (international) freight services and owning the infrastructure. A good example is the GKB (GKB - Graz-Köflacher Bahn und Busbetrieb GmbH) in Steiermark. GKB had a 25 year concession in the past, which has been replaced by a "EUROPA concession" two years ago. This means that they must give access to their infrastructure to other operators. GKB has a subsidiary company (LTE) that runs freight trains in Germany, Italy and Austria.

The Steiermark region has been contacted to collect information how PSO and infrastructure financing are arranged and how cross subsidy between passenger and freight business is avoided. This information was not available.

It seems that since this "EUROPA Concession" is in place the railway is no longer excluded from the scope of various directives. Therefore, there should be an annual report that shows separate accounts for infrastructure, passenger and freight transport. The annual report is not available.

The Steiermark region finances infrastructure (investment and operational costs) and passenger transport in the region.

18 Poland

In Poland, PKP is the old state owned company. Since the fifties the "sand railway lines" in the Katowice area existed besides PKP. They operated their own network with own locomotive and wagon fleet. Contrary to PKP they were owner of their land and were run on commercial basis. A few of these networks are now used by national or international operators.

The companies to be studied in Poland are:
- PLK SA
- PKP Intercity (long distance passenger traffic)
- PKP Regional Services (regional passenger trains)
- PKP Cargo (freight traffic)
- PKP Linia Hutnicza Szerokotorowa
- CTL - Chem Trans Logistic
- PRS - PCC Rail Szczakowa S.A. (former KPS)
- PTK group

18.1 PKP Intercity

The State railway company PKP has been transformed into a holding. Restructuring is not finished yet; this affects the financial relations between all divisions of the holding.

Figures for PKP Intercity are based on the summarized profit and loss account in the 2004 annual report of the PKP Holding. No separate annual report for PKP Intercity is available. For PKP Intercity, 2004 was a loss giving year (loss of PLN 50 million).

18.1.1 Compliance

Separation of accounts
The annual report for PKP Intercity was not made available, if it exists. Figures used for this study regarding PKP Intercity are based on the 2004 annual report of the PKP holding, which shows a profit and loss account for PKP Intercity but which does not provide the separate balance sheet. The accounting systems of the different PKP subsidiaries seem fully separated, but because of the many financial links between the many PKP subsidiaries there is no complete transparency.

Cross subsidies

No evidence of cross subsidies has been found in the PKP Holding annual report, but all locomotives are owned by PKP Cargo and rented out to the Passenger operators. The fact that PKP cargo owns locomotives that are also used by PKP Intercity and PKP Regional Services creates options for cross subsidy between passenger transport and freight transport. To determine whether or not PKP Cargo subsidizes the passenger operators in a way at this moment, an in-depth audit of the books of the PKP companies should be undertaken.

18.1.2 Public support

PKP Intercity received a compensation for tariff reduction of PLN 20,5 million in 2003, for 2004, no information on state aid is available.

18.1.3 Performance

Return on equity can not be calculated, as the balance sheet of PKP Intercity is not available. The return on assets is -0,06. Many performance indicators can not be calculated due to lack of information.

Table 18.1 Performance PKP Intercity

Ratio	2004
Cost per staff member	PLN 0,39 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	0,05
Viability ratio	0,94
Total commercial traffic revenue per traffic unit	
Per passenger	PLN 94,77
Per passenger-km	PLN 0,27
Asset intensity	Not available
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	Not available

18.2 PKP Regional Services

PKP Regional Services operates passenger trains in Poland. PKP Regional Services had an operational loss of PLN 0,86. For PKP Regional Services, the separate 2004 annual report is used for this study.

18.2.1 Compliance

Separation of accounts

The accounting systems of the different PKP subsidiaries seem fully separated, but because of the many financial links between the many PKP subsidiaries there is no complete transparency.

Cross subsidies
PKP is cash strapped and financing of old debt has not been arranged properly, in fact money is being moved around between the subsidiaries to fill the gap between costs and income and to repair the negative cash position. In 2003 PKP Power Engineering and PKP Cargo cross subsidized PKP Regional Services. In 2003 PKP Cargo and PKP Power Engineering had to write of liabilities from PKP Regional Services for 2000-2003 for provision of electricity for traction and for provision of locomotives. The 2004 annual report states that in 2004 as a result of financial restructuring commitments PKP Group companies have reduced their liabilities to PKP Regional Services with an amount of PLN 760 million. This again is a cross subsidy. There is no information about which companies participated in this cross subsidy for which amount.

18.2.2 Public support

The table below shows the state aid PKP Regional Services received in 2004.

Table 18.2 State aid for PKP Regional Services

Subsidiary Company	Type of state aid	Amount of state aid 2004 (million PLN)
PKP Regional Services	Regional PSO	292
PKP Regional Services	Other state aid	421

18.2.3 Performance

The financial position of PKP Regional Services is very poor, debt being 190% of total liabilities. The balance sheet of PKP Regional Services shows a negative equity capital of PLN 1221 million in 2004 (equity capital including losses brought forward). In theory, the company is in state of bankruptcy.

Table 18.3 Performance PKP Regional Services

Ratio	2004
Cost per staff member	PLN 0,16million
Staff costs as a proportion of operating costs	19%
Labour productivity	0,01
Viability ratio	1,00
Total commercial traffic revenue per traffic unit	
Per passenger	PLN 7,24
Per passenger-km	PLN 0,11
Asset intensity	0,32
Debt as proportion of total liabilities	190%
Debt equity ratio	-1,64
Debt service	0,00
Return on Equity	0,00

18.3 PKP Cargo

PKP Cargo is the freight transport company within the PKP Group. In 2004, PKP Cargo has an operational profit of PLN 131 million. For PKP Cargo, no separate annual report of 2004 is available. Figures used in this study are based on the summarized profit and loss account in the 2004 annual report of the PKP Holding. No separate cash flow statement or balance sheet is available.

18.3.1 Compliance

Separation of accounts
The accounting systems of the different PKP subsidiaries seem fully separated, but because of the many financial links between the many PKP subsidiaries there is no complete transparency. No separate balance sheet and cash flow statement of PKP Cargo were provided.

Cross subsidies
PKP is cash strapped and financing of old debt has not been arranged properly, in fact money is being moved around between the subsidiaries to fill the gap between costs and income and to repair the negative cash position. In 2003 PKP Power Engineering and PKP Cargo cross subsidized PKP Regional Services. In 2003 PKP Cargo and PKP Power Engineering had to depreciate liabilities from PKP Regional Services for 2000-2003 for provision of electricity for traction and for provision of locomotives. For PKP Cargo the 2003 annual report indicates that the company made profit of 160.2 million PLN. However, PKP Cargo reported a loss of PLN 67.342 million instead. This was a result of the agreement on restructuring signed on 29 March 2004 with PKP Regional Services Ltd, under which contract amounts due from the latter to PKP Cargo in 2003 were written off by 40%. In 2004, PKP Cargo reported a profit and no evidence of cross subsidies are to be found in the 2004 annual report. However, it is unclear for what amount PKP Cargo participated in the cross subsidy of PLN 760 million for PKP Regional Services as explained in chapter 17.2. To determine whether or not in 2004 PKP Cargo is still cross-subsidising PKP Regional Services, a closer audit of the books, contracts and cash-flows between the companies is required.

18.3.2 Public support

PKP Cargo does not receive any state aid.

18.3.3 Performance

Return on equity can not be calculated for PKP Cargo, due to lack of information. Only a limited profit and loss account is available for 2004, not detailing operational costs.

Table 18.4 Performance PKP Cargo

Ratio	2004
Cost per staff member	PLN 0,12 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	Not available
Viability ratio	1,02
Total commercial traffic revenue per traffic unit (per tonne)	PLN 38,46
Asset intensity	Not available
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	Not available
Return on Equity	0,00

18.4 PKP Linia Hutnicza Szerokotorowa

PKP Linia Hutnicza Szerokotorowa is a broad gauge railway line to Ukraine. PKP Linia Hutnicza Szerokotorowa operates freight trains only. For PKP Linia Hutnicza Szerokotorowa there is no separate annual report for 2004 available. The 2004 holding annual report provides a summarized profit and loss account for PKP Linia Hutnicza Szerokotorowa, which has been used for this study. No cash flow statement or balance sheet are available.

In 2004, PKP Linia Hutnicza Szerokotorowa had an operational result of PLN 109,4 million, profit after taxes amounted up to PLN 162,13 million.

18.4.1 Compliance

Separation of accounts
The accounting systems of the different PKP subsidiaries seem fully separated, but because of the many financial links between the many PKP subsidiaries there is no complete transparency.

Cross subsidies
No evidence has been found of cross subsidies involving PKP Linia Hutnicza Szerokotorowa.

18.4.2 Public support

PKP Linia Hutnicza Szerokotorowa does not receive any state aid.

18.4.3 Performance

Only a limited profit and loss account is available in the 2004 annual report of the PKP Holding, not detailing operational costs. Therefore, many of the parameters in the table below cannot be calculated.

Table 18.5 Performance PKP LHS

Ratio	2004
Cost per staff member	PLN 0,16 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	0,01
Viability ratio	1,55
Total commercial traffic revenue per traffic unit (per tonne)	PLN 38,31
Asset intensity	Not available
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	-0,12
Return on Equity	Not available

18.5 PKP Polish Railway Lines (PLK) SA

PKP PLK SA is the infrastructure manager of the PKP Holding. PLK had a negative operating result of PLN 172 million in 2004 according to the PLK 2004 annual report and PLN 176,7 million according to the profit and loss account in the 2004 PKP Holding report. The result is structured as follows:

- Results on sale PLN -/- 59,2 million;
- result obtained from other operating activities PLN -/- 77,2 million;
- result obtained from financial operations PLN -/-40,3 million;
- net result PLN -/- 176, 7 million

The loss on other operating activities (PLN 77,2 million) results from lines that are currently not in use but which can not be closed down.

For 2004, the separate 2004 PLK annual report does not contain any detailed financial information and it is indicated that the figures presented are not audited. Therefore, the summarized profit and loss account presented in the 2004 PKP Holding report is regarded as the official figures for PKP PLK. The 2004 PLK annual report has also been taken notice of for this study as well as the 2003 PLK annual report. No cash flow statement or balance sheet for PKP PLK is available in either of the PLK annual reports nor in the holding report.

18.5.1 Compliance

Separation of accounts
The accounting systems of the different PKP subsidiaries seem fully separated, but because of the many financial links between the many PKP subsidiaries there is no complete transparency. Separate accounts for PLK have not been made available.

Cross subsidies
No evidence of cross subsidies has been found in the books of the PKP Holding jot in the annual report of PKP PLK, however, it is very likely that PLK is supporting the passenger operations. Besides, in the loss on financial operations, a depreciation of debs of PKP Regional services is included, the exact amount depreciated can however not be determined from the information available. A more extensive audit of the books of PLK and the PKP Holding is recommended to verify the existence of cross subsidies and the amounts involved.

18.5.2 Public support

PLK received an amount of PLN 2.763 million of public support in 2004.

For PLK no specific information about the nature of subsidies is available. The following information is given in the 2003 PLK Annual Report regarding overdue state payments of 2001 and 2002:

> "On 12 June 2003 there was made registration into National Legal Register of PKP Polish Railway Lines JSC concerning increase of initial capital from 332 747 up to 608 325,00 thou. PLN. The initial capital was increased by 275 578,00 thou. PLN. equivalent to state budget subsidy received by the Company. It was allocated for financing railway lines of national importance in 2001 - amounting to 118 264,00 thou. PLN and in 2002 amounting to 157 314,00 PLN".

18.5.3 Performance

Many indicators cannot be calculated for 2004 due to lack of financial information.

Table 18.6 Performance PKP PLK

Ratio	2004
Cost per staff member	PLN 0,07 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	Not applicable
Viability ratio	0,98
Total commercial traffic revenue per traffic unit (per passenger)	Not applicable
Asset intensity	Not available
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	0,01
Return on Equity	Not available

18.6 CTL - Chem Trans Logistic

In 2002 CTL took over the Maczki-Bór "sand railway" in Katowice. The company now operates open-access freight trains in entire Poland. On the website no information is available on whether or not their own network is open for access by other operators. Network access information is not to be found either.[1] No financial information was provided.

18.7 PRS - PCC Rail Szczakowa S.A. (former KPS)

PRS - PCC Rail Szczakowa S.A is a subsidiary of PCC AG in Germany. It is one of the old sand mine lines and owns the network in Upper Silesia as well as the locomotive fleet that started to expand for coal transport from Upper Silezia to several destinations. For the own network they have an infrastructure manager company that provides a network statement and a price list for other operators that want to use their network. No financial information has been provided for Poland and Germany yet[1],[2].

18.8 PTK group

The PTK Group is one of the old sand mine lines owning a network in Upper Silesia as well as a locomotive fleet that started to expand for coal transport from Upper Silezia to several destinations[1]. For the own network they have an infrastructure manager company that provides a network statement and a price list for other operators that want to use their network. Most important subsidiary companies are:

- PTKiGK Rybnik- Przedsiębiorstwo Transportu Kolejowego i Gospodarki Kamieniem
- S.A. w Rybniku
- PTKiGK Zabrze - Przedsiębiorstwo Transportu Kolejowego i Gospodarki Kamieniem
- Sp. z o.o. w Zabrzu

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[1] An information request has been sent to the company and the ministry of transport. As by Polish law, the companies cannot provide the information requested, the vice president of the Polish Office for Railway transport dispatched an official letter, asking to provide essential information or explanations as requested for the purpose of this study.

[2] According to an article in the Polish Railway Magazine (http://www.rynek-kolejowy.pl/news05/0504/0504_127.htm) this information has been already published. Unfortunately, the article gives only the most basic data: net profit for 2004 PLN17,095 million, net profit for 2003 PLN 5,7 million.

19 Portugal

Companies to be studied in Portugal are:

- CP
- REFER

19.1 CP

CP performs passenger and freight transport and operated its own railways in 2004. For this study, the 2004 annual report in used.

19.1.1 Compliance

Separation of accounts
Neither passenger and freight transport accounts nor transport and infrastructure accounts are separated. Revenues are only presented separately per segment. The report is not compliant with EC directives.

Cross subsidy
No detailed information is available that can be used to make pronouncements about the existence of cross subsidies. To get more insight in the cash flows between the different activities, a more extensive audit of the books of CP should be undertaken.

19.1.2 Public support

Information about public support is provided. CP receives passenger subsidy for national services and regional subsidy from Lisbon and Porto for provision of suburban transport. Between CP and the State no agreement on passenger PSO subsidy exists. There is no PSO contract and Government pays what they regard suitable, this is in general lower as what CP calculates / proposes.

Table 19.1 CP Subsidies in 2004

State aid	Amount in 2004 ('000 €)
Compensation indemnities	22.397
Training subsidies	201
PAII – Integrated Elderly Support Program	295
F-Man and Saferelnet Program	9
Investment financing	
PIDDAC	16.009
EC-FEDER	19.622
EC-Other	480
Total	59.013

19.1.3 Performance

Return on Equity as calculated in the spreadsheet (equity including retained profit/loss) was 0,21 in 2004, however, there is a loss, which is larger than the equity capital. Therefore this is not a viable ratio. Return on assets for instance is -0,18 and return on revenue -0,97. CP is in a very bad financial position.

Table 19.2 Performance CP

Ratio	2004
Cost per staff member	€ 0,10 million
Staff costs as a proportion of operating costs	32,58%
Labour productivity	0,03
Viability ratio	0,55
Total commercial traffic revenue per traffic unit	
Per passenger	€ 1,21
Per tonne freight	€ 6,86
Asset intensity	2,99
Debt as proportion of total liabilities	164%
Debt equity ratio	-1,96
Debt service	Not available
Return on Equity	-0,21

19.2 REFER

REFER is the infrastructure manager in Portugal.

19.2.1 Compliance

Separation of accounts
Since REFER focuses on infrastructure management, the separation of accounts is not an issue.

Cross subsidies
As REFER is only focusing in infrastructure management, cross subsidies are not taking place.

19.2.2 Public Support

The company receives operational subsidy as well as investment subsidies. Amounts of subsidies are not presented in the data received, but the balance sheet indicates a receivable amount of € 51,6 million from the State and other public entities. This amount has not been specified.

19.2.3 Performance

Table 19.3 Performance REFER

Ratio	2004
Cost per staff member	€ 0,05 million
Staff costs as a proportion of operating costs	49,77%
Labour productivity	N/A
Viability ratio	0,63
Total commercial traffic revenue per traffic unit (passenger or freight)	N/A
Asset intensity	24,97
Debt as proportion of total liabilities	59%
Debt equity ratio	1,4
Debt service	25,68
Return on equity	-0,06

20 Slovenia

Slovenian Railway has been restructuring since 2000; however, the changes were not successful, therefore a new Railway Law will be implemented in 2005.

Companies to be studied:
- Slovenian Railways (SZ)

20.1 Slovenian Railways (SZ)

There is no 2004 annual report available at this stage, therefore the 2003 annual report was used for this study.

20.1.1 Compliance

Separation of accounts
In 2003 the accounting system was amended to achieve a proper cost allocation regarding the different parts of SZ Holding:
- Passenger Transport
- Freight Transport
- Rolling stock department
- Infrastructure maintenance
- Infrastructure traffic control

The two infrastructure departments are governed by the infrastructure manager which in 2003 was the Public Agency for Railway transport in Slovenia.

No complete separated accounts are available for 2003. Profit and loss accounts are presented separately for infrastructure, passenger and freight business units. Balance sheets are not presented separately; for Infrastructure the data are available but data for Passengers and Freight units are not presented.

Cross subsidies
The 2003 annual report does not provide sufficient information to preclude cross-subsidies, however, elements that should be further elaborated as they can contain cross subsidy elements are:
- Common use of locomotives and train drivers between Passenger and Freight operators.
- Allocation of infrastructure costs.

20.1.2 Public support

SZ received the following subsidies in 2003:
- PSO subsidy for domestic passenger transport
- Subsidy for freight transport (combined transport)
- Subsidy for operations of infrastructure maintenance
- Subsidy for traffic control
- Investment support for infrastructure works.

No information on amounts of public support is provided.

20.1.3 Performance

Return on Equity was -0,26 in 2003

Table 20.1 Performance SZ (consolidated figures)

Ratio	2003
Cost per staff member	SIT 7,69 million
Staff costs as a proportion of operating costs	58%
Labour productivity	Not available
Viability ratio	1,02
Total commercial traffic revenue per traffic unit	
Per passenger	*SIT 417,83*
Per passenger – km	*SIT 8,10*
Per tonne freight	*SIT 1441,64*
Per tonne-km freight	*SIT 7,59*
Asset intensity	1,25
Debt as proportion of total liabilities	82%
Debt equity ratio	5,71
Debt service	0,07
Return on Equity	-0.26

21 Slovakia

Companies studied:
Train operating company
- ZSSK.

Infrastructure company
- ZSR

21.1 ZSSK

Per 1 January 2005 ZSSK was split up into a freight transport company and a passenger transport company. The freight company is in tender for privatisation. A large number of bidders have expressed their interest, amongst whom Railion and PKP Cargo.

ZSSK have been requested a 2004 annual report and an opening balance sheet of 2005, as the company has been split into a separate company for freight transport and a separate company for passenger transport. ZSSK has stated however that the 2004 annual report and the opening balance sheet of 2005 are not available at this stage. Therefore for this study the 2003 annual report was studied.

21.1.1 Compliance

Separation of accounts
The 2003 annual report presents many corrections on asset valuation at the time of splitting the railway in ZSSK and ZSR. The 2003 report contains the income statement, the balance sheet and the cash flow statement of the whole company in two versions; Slovakian standards and international standards. No separation of accounts is presented in the 2003 annual report, income is however presented for freight and passenger business separately. No explanation is given on the numbers presented. It is assumed that the separating process will be finished shortly, as the separated freight accounts are the base for the sale of the freight division. The sale of the freight company has however been postponed due to the division of assets and unsettled liabilities towards other ZSSK companies and ZSR.

Cross subsides
There is no sufficient information available to get an insight in possible cross subsidies within ZSSK. An audit of the books of ZSSK companies is recommended to gain more insight.

21.1.2 Public support

The 2003 annual report does not provide details concerning public support, however, from the income statement it can be concluded that state subsidy in 2003 amounted to SKK 4.330 million. The nature of this subsidy is unclear.

Passenger transport is divided into a PSO contract with the state (98,8% of all passengers transported) and a commercial contract for 1,2% of the passengers. No mention is made of the amounts of revenue involved in both contracts. The annual report does mention actions taken by the state in 2003 in order to support the transformation of the railways. Actions taken in 2003 and 2004 are the following:

- The state budget contained the full amount earmarked for the performance of passenger transport in the general interest (PSO)
- The state provided guarantees for the old debts of ZSSK as from 1 January 2004, amounting to SKK 7,3 billion by settling the pending PSO receivables from 1994 onward.

21.1.3 Performance

Table 21.1 Performance ZSSK

Ratio	2003
Cost per staff member	SKK 1,36 million
Staff costs as a proportion of operating costs	21%
Labour productivity	0,01
Viability ratio	0,91
Total commercial traffic revenue per traffic unit	
Per passenger	SKK 42,59
Per tonne	SKK 287,64
Asset intensity	1,68
Debt as proportion of total liabilities	46%
Debt equity ratio	0,87
Debt service	0,05
Return on Equity	-0,15

21.2 ZSR

For ZSR, the 2004 annual report gives limited financial information. The income statement, cash flow statement and balance sheets are available in Slovakian as well as international format but no explanation about the numbers is provided.

21.2.1 Compliance

Separation of accounts

As ZSR focuses on rail infrastructure management, separation of accounts between transport and infrastructure management is safeguarded.

Cross subsidies

No evidence of cross subsidies is found in the annual accounts.

21.2.2 Public support

In 2004, the Ministry of Transport, Posts and Telecommunications and ZSR entered into a contract for Services in the Public Interest in operating the tracks. The Contract stipulates a fixed sum of SKK 2,3 million of losses to be covered by the State in order to secure the operations and operability of nationwide and regional railroads. No explanation is presented regarding the separation as presented in the table below.

Table 21.2 Public support for ZSR

Type of transport	Description of item	million SKK in 2004
Passenger transport	Costs *Of which for Services in the Public Interest*	4.648 *3.378*
	Revenues *Of which for Services in the Public Interest*	3.876 *2.093*
	State subsidies *Of which for Services in the Public Interest*	994 *994*
Freight Transport	Costs *Of which for Services in the Public Interest*	10.592 *7.690*
	Revenues *Of which for Services in the Public Interest*	10.071 *6.002*
	State subsidies *Of which for Services in the Public Interest*	1.306 *1.306*

21.2.3 Performance

Table 21.3 Performance ZSR

Ratio	2004
Cost per staff member	SKK 0,58 million
Staff costs as a proportion of operating costs	51,50%
Labour productivity	N/A
Viability ratio	1,15
Total commercial traffic revenue per traffic unit (passenger or freight)	N/A
Asset intensity	5,05
Debt as proportion of total liabilities	17%
Debt equity ratio	0,46
Debt service	Not available
Return on Equity	0,03

22 Finland

Railway reform came early to Finland. Ratahallintokeskus (RHK) - The Finnish Rail Administration - began operations as an independent unit in July 1995. The train operation was left to VR Group Ltd., which is a 100 per cent state owned limited company.

Companies studied:
Infrastructure Manager:
- Ratahallintokeskus (RHK)

Train Operating Companies:
- VR

22.1 Ratahallintokeskus (RHK – Finnish Rail Administration)

RHK is responsible to the Ministry of Transport and Communications and is funded through state subsidy as well as revenue from access charges for the use of the rail network and property rental income. RHK is responsible for allocating the railway capacity and also for the ticket inspection. RHK has 132 staff.

22.1.1 Compliance

Separation of accounts
As Ratahallintokeskus is only active in infrastructure management, separation of accounts between infrastructure management and transport activities is safeguarded.

Cross subsidies
Cross subsidies are no issue as Ratahallintokeskus is only active in infrastructure management.

22.1.2 Public support

Ratahallintokeskus receives € 558 million worth of public support for operations.

22.1.3 Performance

Table 22.1 Performance RHK

Ratio	2004
Cost per staff member	€ 2,55 million
Staff costs as a proportion of operating costs	1,95%
Labour productivity	N/A
Viability ratio	0,16
Total commercial traffic revenue per traffic unit (passenger or freight)	N/A
Asset intensity	8,13
Debt as proportion of total liabilities	3%
Debt equity ratio	0,03
Debt service	Not available
Return on Equity	-0,14

22.2 VR Group Ltd.

The VR Group Ltd. comprises VR Ltd., which operates rail services that is divided into a passenger business (VR Passenger Services) and a freight business (VR Cargo); VR Track Ltd., which is a track maintenance and construction company, working mainly under contract to The Finnish Rail Administrator; and other businesses, including catering, data services and bus and trucking operations.

22.2.1 Compliance

Separation of accounts

The annual report of 2004 presents separate accounts for the different companies in the VR-group. The accounts for VR Ltd., which is the company responsible for the passenger and freight traffic provide the turnover figures for passenger and freight activities. Any separation of accounts between passenger and freight transport is however not visible in the accounts. Expenses are not allocated to each of these activities.

Cross subsidies

The information presented in the annual report does not give any insight in possible cross subsidies. A further audit of the accounts of the group would be required to get more understanding regarding the existence of cross subsidies.

22.2.2 Public support

The annual report does not give any information of public support. However, there must be public support, in particular for the public transport in the Helsinki area. An information request has been sent to VR regarding public but the information was not made available.

22.2.3 Performance

Table 22.2 Performance VR Group

Ratio	2004
Cost per staff member	€ 0,09 million
Staff costs as a proportion of operating costs	48,05%
Labour productivity	0,01
Viability ratio	1,05
Total commercial traffic revenue per traffic unit	
Per passenger	€ 4,78
Per tonne-km freight	€ 0,05
Asset intensity	1,31
Debt as proportion of total liabilities	16%
Debt equity ratio	0,21
Debt service	Not available
Return on Equity	0,04

23 Sweden

The railway restructuring process in Sweden started early. In 1988, the responsibility for investments and maintenance of the rail infrastructure was separated from the operating part of Statens Järnvägar (SJ), with the creation of the infrastructure manager Banverket. Tendering of passenger traffic on regional lines has taken place since 1989; and for certain interregional lines since 1992, opening the market for competition. The liberalisation of the rail freight transport market began in July 1996 resulting in several railway operators active on the market today.

Companies studied:
Infrastructure Manager:
- Banverket

Train Operating Companies:
- Statens Järnvägars (SJ)
- Green Cargo
- Citypendeln
- MTAB

23.1 Banverket

Banverket was created in 1988, to be the responsible body for investments and maintenance of the rail infrastructure in Sweden.

23.1.1 Compliance

Separation of accounts:
Banverket focuses on infrastructure management only; therefore, separation of accounts between passenger and freight transport and between transport and infrastructure management is no issue within this company.

Cross subsidies:
As Banverket is only active in infrastructure management; cross subsidies between different rail activities are not an issue.

23.1.2 Public support

In 2004, Banverket received public support totalling to SEK 9,276 billion, of which SEK 4,349 billion was used for investments in the railway network. As the Swedish railway network is considered to be a state asset, the investments are the responsibility of the

State. Banverket does therefore not include these investments into its accounts. The purpose of the remaining part of the state aid is not clarified.

23.1.3 Performance

Table 23.1 Performance Banverket

Ratio	2004
Cost per staff member	SEK 1,34 million
Staff costs as a proportion of operating costs	39,01%
Labour productivity	N/A
Viability ratio	0,86
Total commercial traffic revenue per traffic unit (passenger or freight)	N/A
Asset intensity	9,58
Debt as proportion of total liabilities	19%
Debt equity ratio	0,24
Debt service	4,84
Return on Equity	-0,03

23.2 Statens Järnvägars (SJ)

On 1 January 2001 the national railway company SJ was split into several separate shareholding companies of which the freight operator Green Cargo is one. The current SJ company is a limited company owned by the Swedish state focussing on passenger transport.

23.2.1 Compliance

Separation of accounts:
As SJ focuses on passenger transport, the separation between passenger transport and freight transport as well as between transport and infrastructure management is safeguarded. Separate accounts for concessionary passenger transport and commercial passenger transport are not present in the annual report.

Cross subsidies:
SJ is focussing on passenger transport, therefore cross subsidies are no issue within the company.

23.2.2 Public support

In December 2003 SJ received an equity injection of SEK 1,555 billion from the State, followed by another injection of SEK 300 million in 2004.

No further public support was reported on for 2004.

23.2.3 Performance

Table 23.2 Performance SJ

Ratio	2004
Cost per staff member	SEK, 1,64 million
Staff costs as a proportion of operating costs	29,16%
Labour productivity	0,01
Viability ratio	1,06
Total commercial traffic revenue per traffic unit (Per passenger)	SEK 199
Asset intensity	1,42
Debt as proportion of total liabilities	62%
Debt equity ratio	2,62
Debt service	3,70
Return on Equity	0,10

23.3 Citypendlen

Citypendlen is a passenger transport railway undertaking. Citypendeln is a subsidiary company of the French Keolis. Accounts for Citypendlen have been requested, but the request is still pending. For information on Keolis, please refer to the country report for France. Figures of Keolis include figures of international subsidiaries.

23.4 Green Cargo

Green Cargo is an intermodal international freight forwarder, also active in rail freight transport in Sweden.

23.4.1 Compliance

Separation of accounts:
Green Cargo is only active in freight transport; therefore separation of accounts between different types of transport and infrastructure is not an issue. No separated accounts are available on different modes of transport.

Cross subsidies:
As Green Cargo is only active in freight transport, cross subsidies are not an issue between passenger and freight transport. There can be cross subsidies between the different modes of transport. To determine whether or not one mode subsidises another mode, a more in-depth audit of the books of Green Cargo is required.

23.4.2 Public support

Green cargo did not receive any public support in 2004. In March 2005 however, Green Cargo received and equity injection in 2005 of 600 million SEK from the State.

23.4.3 Performance

Table 23.3 Performance Green Cargo

Ratio	2004
Cost per staff member	SEK 1,90 million
Staff costs as a proportion of operating costs	27,35%
Labour productivity	0,00
Viability ratio	1,02
Total commercial traffic revenue per traffic unit (per tonne-km freight)	SEK 0,38
Asset intensity	0,53
Debt as proportion of total liabilities	85%
Debt equity ratio	6,48
Debt service	1,68
Return on Equity	0,11

23.5 MTAB

MTAB is a Swedish rail freight transport company. MTAB Malmtrafik i Kiruna AB MTAB and MTAS (the Norwegian subsidiary company) carry about 23 million tonnes of iron ore products from LKAB's mines in Kiruna and Malmberget to the harbours at Narvik and Luleå, and from the concentrating and palletizing plants in Svappavaara.

MTAB transports ore with its own rolling stock on the Ore Line. The Swedish section of this railway is owned by Banverket and the Norwegian section by Jernbaneverket.

Separation of accounts
As MTAB is focussing on rail freight transport only, separation of accounts between passenger transport and freight transport and between transport and infrastructure management is safeguarded. Accounts seem to be separated per country as there is a subsidiary company for Norway. However only consolidated figures for both MTAB and MTAS are made available for this study.

Cross subsidies
As MTAB is focussing on freight transport, there is no issue of cross subsidies.

23.5.1 Public support

MTAB does not receive any public support.

23.5.2 Performance

Table 23.4 Performance MTAB

Ratio	2004
Cost per staff member	SEK 1,90 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	0,10
Viability ratio	1,04
Total commercial traffic revenue per traffic unit (per tonne freight)	SEK 20,46
Asset intensity	2,21
Debt as proportion of total liabilities	38%
Debt equity ratio	1,49
Debt service	3,72
Return on Equity	0,00

24 United Kingdom

In the UK railway reform started early and was quite radical. For the last ten years passenger traffic in the UK has been tendered and rail freight transport has been running on commercial conditions. Passenger transport is operated by several franchises, belonging to rail groups. In general, financial information is not available on franchise level for the British railway groups.

Railway groups to be studied:

- Go Ahead Group, including the following passenger transport franchises:
  - Southern Railway
  - Thameslink
- National Express Group, including the following passenger transport franchises:
  - C2C
  - Central Trains
  - Gatwick express
  - Midland Mainline
  - ONE (including Stansted Express)
  - Silverlink
  - Wessex Trains
  - Wagn
- First Group, including the following passenger transport franchises:
  - TransPennine Express
  - Hull Trains Company Ltd. (80%)
  - GB Railfreight Ltd
  - First Great Western
  - First Great Western Link
  - First ScotRail
- Virgin Trains, including the following passenger transport franchises:
  - Cross Country Trains
  - West Coast Trains
- Serco Group, including the following passenger transport franchises:
  - Northern Rail
  - Meyseyrail
- Stagecoach Group, including the following passenger transport franchises:
  - South West Trains
  - Island Line

Other companies to be studied:

Passenger train operating franchises of which individual financial information is available:

- Arriva Trains Wales
- Chiltern Railways
- Eurostar
- Heathrow Express
- South Eastern Trains
- Great North Eastern Railways (GNER)

Infrastructure Manager:

- Network Rail

Freight Train operating companies:

- Direct Rail Services
- English Welsh and Scottish Railway
- Eurotunnel Freight
- Freightliner Ltd.
- Freightliner Heavy Haul

24.1 Go Ahead Group

The Go Ahead group is active in bus- parking- aviation- and train- activities. The railway franchises belonging to the Go Ahead Group are:

- Southern
- Thameslink

Both franchises, Southern and Thameslink, are operated by Govia, a 65%-35% partnership between Go-Ahead and Keolis. Separate accounts of both franchises are not available to the public.

This analysis is based on the 2004 annual report of the group.

24.1.1 Compliance

Separation of accounts
The separated accounts per railway franchise are not available in the 2004 group annual report, but the text in the report refers to the separate balance sheets. It can therefore be concluded that accounts are separated per franchise. Both franchises focus on passenger transport, therefore, separation between passenger and freight business is not an issue.

Cross subsidies
There is no insight in the existence of cross subsidies. A further audit of the books is recommendable if more insight into cross subsidies of Go Ahead Group is required.

24.1.2 Public support

The Southern franchise receives public support. The size of the support is not specified in the annual report. Thameslink has operated without public subsidy since 1999. The public support of Southern is included in the total revenue of the rail segment.

24.1.3 Performance

Table 24.1 Performance Go Ahead Group

Ratio	2004
Cost per staff member	GBP 0,06 million
Staff costs as a proportion of operating costs	39%
Labour productivity	Not available
Viability ratio	1,02
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	0,42
Debt as proportion of total liabilities	73%
Debt equity ratio	3,29
Debt service	Not available
Return on Equity	-0,06

24.2 National Express Group

National Express Group is active in passenger transport per bus, train, light rail and express coach operations. National Express Group operates in the UK and in the USA. The British rail franchises belonging to the group are:

- C2C
- Central Trains
- Gatwick express
- Midland Mainline
- ONE (including Stansted Express)
- Silverlink
- Wessex Trains
- Wagn

This analysis is based on the 2004 balance sheet and income statement of the group. Accounts per franchise are not published and are unavailable for this study.

24.2.1 Compliance

Separation of accounts
The annual report is not available. The balance sheet does not split between the modalities of transport. As the group focuses on passenger transport, the separation of accounts between freight transport and passenger transport is not an issue. As each railway franchise operates as a subsidiary company, each company is expected to have a separate balance sheet and income statement, but these are not available for this study.

Cross subsidies
There is no insight in the existence of cross subsidies. A further audit of the books is recommendable if more insight into cross subsidies of Go Ahead Group is required.

24.2.2 Public support

The British railway companies within the group received a total of GBP 497 billion of public support in 2004. Allocation of this public support amongst the franchises is not provided.

24.2.3 Performance

Table 24.2 Performance National Express Group

Ratio	2004
Cost per staff member	GBP 0,06 million
Staff costs as a proportion of operating costs	35%
Labour productivity	Not available
Viability ratio	1,23
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	0,48
Debt as proportion of total liabilities	72%
Debt equity ratio	3,28
Debt service	0,01
Return on Equity	2,03

24.3 First Group

First Group operates passenger and freight train services in the UK. Passenger train franchises of the First Group are:

- TransPennine Express
- Hull Trains Company Ltd. (80%)
- GB Railfreight Ltd
- First Great Western
- First Great Western Link
- First ScotRail

Besides, First Group is active in tramline services and bus services, running more than 1 in 5 of all local bus services and carrying 2.8 million passengers every day. Accounts for the separate franchises are not published and are unavailable for this study.

24.3.1 Compliance

Separation of accounts

The First Group annual report does not provide insight in any separation of accounts within the group. However, as all franchises operate as individual companies, the separation of accounts is safeguarded. The passenger train franchises are separated from freight franchises and from other modalities of passenger transport.

Cross subsidies
No cross subsidies have been found in the available data. However, as the accounts concern a large group of individual companies, a further audit of the cash flows between the companies of the group would be required to confirm (non-) existence of cross subsidies.

24.3.2 Public Support

Public support has not been specified in the annual accounts.

24.3.3 Performance

Table 24.3 Performance First Group

Ratio	2004
Cost per staff member	GBP 0,04 million
Staff costs as a proportion of operating costs	49%
Labour productivity	Not available
Viability ratio	1,07
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	0,76
Debt as proportion of total liabilities	74%
Debt equity ratio	3,90
Debt service	0,02
Return on Equity	0,27

24.4 Virgin Trains

Virgin Trains operates passenger trains through the whole of Britain. Virgin operates high speed trains. The trains are operated in two separate franchises:

- Cross Country Trains
- West coast Trains

Accounts of the franchises are not published and are not available for this study.

24.4.1 Compliance

Separation of accounts
Virgin Trains operates passenger trains only, therefore separation of accounts between passenger transport and freight transport and between transport and infrastructure management is safeguarded. However, the financial information provided is very incomplete, especially with regards to operating costs and the financial structure of the group.

Cross subsidies
As Virgin Trains focuses on passenger transport per train, cross subsidies between different activities are not an issue. It is unclear whether or not any cross subsidies exist between the different franchises.

24.4.2 Public support

The franchises on the Virgin Trains Group receive a total of GBP 526 million of public support in 2004. The allocation of the support between the franchises is not specified in the annual accounts.

24.4.3 Performance

Table 24.4 Performance Virgin Trains

Ratio	2004
Cost per staff member	GBP 0,16 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	Not available
Viability ratio	1,5
Total commercial traffic revenue per traffic unit	
Per passenger	*GBP 16,98*
Per passenger - km	*GBP 0,11*
Asset intensity	0,50
Debt as proportion of total liabilities	0%
Debt equity ratio	0,0
Debt service	0,0
Return on Equity	1,00

24.5 Serco Group

Serco Group is a very diversified organisation, with working areas ranging from the management of facilities, projects and IT systems, through to the creation of entirely new businesses. This includes the financing, design and build of new facilities, including hospitals and transport systems, as well as their day-to-day operation. Together with the Dutch Nederlandse Spoorwegen, Serco Group two passenger train franchises in the UK, both parties have a 50% share in the franchises:

- Northern Rail
- Meyseyrail

For these rail franchises the separated accounts are not published and are unavailable for this study.

24.5.1 Compliance

Separation of accounts
From the group annual report, it is impossible to filter out specific railway operations. Transport operations have been indicated separately, these contain road, rail and aviation

activities in the UK and aviation activities in the USA and Middle East. Serco Group owns the UK passenger rail franchises in a joint venture with Nederlandse Spoorwegen. Therefore accounts are expected to be available for each franchise. As both franchises focus on passenger transport, separation of accounts between passenger and freight transport is not an issue.

Cross subsidies

An audit of the books of the Serco subsidiary companies is needed to be able to assess whether or not cross subsidies occur within the Serco Group.

24.5.2 Public support

No information is available on public support.

24.5.3 Performance

The performance indicators in the tables below also refer to the Serco Group rather than the railway undertakings within the Serco Group.

Table 24.5 Performance Serco Group

Ratio	2004
Cost per staff member	GBP 0,05 million
Staff costs as a proportion of operating costs	50%
Labour productivity	Not available
Viability ratio	0,82
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	0,87
Debt as proportion of total liabilities	69%
Debt equity ratio	2,65
Debt service	0,02
Return on Equity	-0,08

24.6 Stagecoach Group

Stagecoach Group is a passenger transport group, operating trains, buses, trams and ferries in the UK and in the USA and Canada. Railway franchises owned by the Stagecoach Group are:

- South West Trains
- Island Line

Separate accounts per franchise are not publishes and are unavailable for this study.

24.6.1 Compliance

Separation of accounts
Separation between freight and passenger transport and separation between transport and infrastructure management is not an issue as the Stagecoach Group focuses on passenger transport. The financial data for both train franchises in the UK were not available. In the annual report of the group, no separation of accounts is provided between the different modalities of transport.

Cross subsidies
As specific passenger services might be eligible for PSO grants and other passenger services might not be, there is a risk that one service will be cross subsidised with PSO grants received for other services. However, a more extensive audit of the cash flows is required in order to be able to assess the (non-)existence of such cross subsidies.

24.6.2 Public support

No information is provided regarding public support.

24.6.3 Performance

Table 24.6 Performance Stagecoach Group

Ratio	2004
Cost per staff member	GBP 0,05 million
Staff costs as a proportion of operating costs	50%
Labour productivity	Not available
Viability ratio	1,09
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	1,03
Debt as proportion of total liabilities	62%
Debt equity ratio	2,48
Debt service	0,02
Return on Equity	0,23

24.7 Arriva Trains Wales

Arriva Trains Wales is a passenger rail franchise, with a fleet of 116 trains covering a route of over 2,600 miles, supported by 1,860 employees. The franchise is a subsidiary of Arriva Plc.

24.7.1 Compliance

Separation of accounts
Arriva Trains Wales only operates passenger trains and therefore separation of accounts between passenger and freight transport or between transport and infrastructure management is no issue.

Cross subsidies
As the accounts for Arriva Trains Wales only focus on this particular franchise which focuses on passenger transport, there are no cross subsidies to be found in the accounts of Arriva Trains Wales. As the franchise is a subsidiary of a larger holding, the cash flows and accounts of the holding should be audited in order to preclude that any cross subsidies exist between the subsidiaries of the Arriva holding.

24.7.2 Public Support

Arriva Trains Wales received an amount of GBP 113 million of public support in 2004.

24.7.3 Performance

Table 24.7 Performance Arriva Trains Wales

Ratio	2004
Cost per staff member	GBP 0,12 million
Staff costs as a proportion of operating costs	28%
Labour productivity	Not available
Viability ratio	1,04
Total commercial traffic revenue per traffic unit Per passenger	GBP 2,75
Asset intensity	0,21
Debt as proportion of total liabilities	85%
Debt equity ratio	5,79
Debt service	Not available
Return on Equity	1,08

24.8 Chiltern Railways

Chiltern won a passenger trains operating franchise in 1996. Since then, Chiltern Railways has run scheduled passenger services along the M40 corridor between London Marylebone and Birmingham Snow Hill and London Marylebone to Aylesbury via Amersham along the London Underground Metropolitan line.

24.8.1 Compliance

Separation of accounts
As Chiltern is focusing on passenger transport, separation of accounts between freight and passenger transport and transport and infrastructure management is not an issue.

Cross subsidies
Cross subsidies are not an issue within Chiltern, as the company only focuses on passenger transport.

24.8.2 Public support

Chiltern Railways received the amount of GBP 17,9 million of public support in 2004.

24.8.3 Performance

Table 24.8 Performance Chiltern Railways

Ratio	2004
Cost per staff member	GBP 0,13 million
Staff costs as a proportion of operating costs	29%
Labour productivity	Not available
Viability ratio	1,10
Total commercial traffic revenue per traffic unit (per passenger-km)	GBP 0,12
Asset intensity	0,53
Debt as proportion of total liabilities	95%
Debt equity ratio	20,81
Debt service	Not available
Return on Equity	-0,16

24.9 Eurostar UK Ltd.

Eurostar is the high-speed rail service directly linking the UK to France and Belgium via the Channel Tunnel. It started operating in 1994, providing city centre to city centre services. Eurostar was owned, when launched, by SNCF, SNCB and British Rail. Prior to the UK rail privatisation, a subsidiary, European Passenger Services (EPS), was created which included British Rail's interest in Eurostar. In June 1996, this was sold to London & Continental Railways (LCR). In October 1996, LCR changed the name to Eurostar UK Ltd (EUKL). EUKL, SNCF and SNCB are each responsible for the running of Eurostar services on their own territory. For this study, the figures of Eurostar UK Ltd are examined.

24.9.1 Compliance

Separation of accounts
As Eurostar only operates passenger trains, separation of accounts between freight and passenger transport and between transport and infrastructure management is not an issue.

Cross subsidies
No suspicion of cross subsidies was found in the Eurostar accounts, as the company operates passenger trains only.

24.9.2 Public support

Eurostar UK Ltd. received an amount of GBP 59,4 million of public support in 2004. The nature of the support was not specified.

24.9.3 Performance

Return on Equity was 0,22 in 2004. However, Eurostar operations were loss-giving in 2004. Return on equity results positive due to the fact that equity capital (including losses brought forward), was negative in 2004. Therefore, theoretically, Eurostar is in state of bankruptcy.

Table 24.9 Performance Eurostar

Ratio	2004
Cost per staff member	GBP 0,41 million
Staff costs as a proportion of operating costs	9%
Labour productivity	Not available
Viability ratio	0,48
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	0,33
Debt as proportion of total liabilities	825%
Debt equity ratio	-1,14
Debt service	0,02
Return on Equity	0,22

24.10 Heathrow Express

Heathrow Express operates Shuttle routes between Heathrow and London Paddington.

24.10.1 Compliance

Separation of accounts
As Heathrow Express only operates passenger shuttle services, separation of accounts between freight and passenger transport and between transport and infrastructure management is no issue.

Cross subsidies
Cross subsidies are no issue within the Heathrow Express Company.

24.10.2 Public support

Heathrow Express did not receive public support in 2004.

24.10.3 Performance

Table 24.10 Performance Heathrow Express

Ratio	2004
Cost per staff member	GBP 0,13 million
Staff costs as a proportion of operating costs	29%
Labour productivity	Not available
Viability ratio	1,10
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	0,80
Debt as proportion of total liabilities	28%
Debt equity ratio	0,39
Debt service	-0,04
Return on Equity	0,17

24.11 South Eastern Trains

South Eastern Trains run passenger train services in Kent, South London and parts of East Sussex.

24.11.1 Compliance

Separation of accounts
As South Eastern Trains only operates passenger shuttle services, separation of accounts between freight and passenger transport and between transport and infrastructure management is no issue.

Cross subsidies
South Eastern Trains only operates passenger transport services, therefore cross subsidies are not relevant.

24.11.2 Public support

South Eastern trains received an amount of GBP 59,4 million of public support in 2004.

24.11.3 Performance

Table 24.11 Performance South Eastern Trains

Ratio	2004
Cost per staff member	GBP 0,06 million
Staff costs as a proportion of operating costs	21%
Labour productivity	0,04
Viability ratio	1,00
Total commercial traffic revenue per traffic unit (per passenger)	GBP 0,95
Asset intensity	0,6
Debt as proportion of total liabilities	93%
Debt equity ratio	327,11
Debt service	Not available
Return on Equity	1,00

24.12 Great North East Railways (GNER)

GNER provides high-speed intercity train services along Britain's East Coast main line, linking England and Scotland. GNER is owned by Sea Containers Group, which has worldwide experience in passenger transport, leisure interests and marine container leasing. Sea Containers was awarded a seven-year franchise in 1996 to operate intercity services along Britain's East Coast main line. This contract was awarded a 10-year extension in 2003.

24.12.1 Compliance

Separation of accounts

As GNER only operates passenger trains, separation of accounts between freight and passenger transport and between transport and infrastructure management is no issue.

Cross subsidies

As GNER is active in passenger transport only, no cross subsidies are expected to take place.

24.12.2 Public support

GNER does not report on any public support received in 2004.

24.12.3 Performance

Return on Equity was 0,53 in 2004. However, the group reported a loss brought forward of over 12 million. This was based due to extraordinary dividend payments of over GBP 26 million against an operating profit after taxes of over GBP 14 million. The dividend payment has therefore been left out of the profit brought forward to be able to calculate meaningful financial performance indicators.

Table 24.12 Performance GNER

Ratio	2004
Cost per staff member	GBP 0,15 million
Staff costs as a proportion of operating costs	19%
Labour productivity	Not available
Viability ratio	1,05
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	0,32
Debt as proportion of total liabilities	81%
Debt equity ratio	4,33
Debt service	Not available
Return on Equity	0,53

24.13 Network Rail

Network Rail is the infrastructure manager in the UK. The company owns and maintains 21.000 miles of track across Britain. The main customers are the train and freight operating companies. Network Rail provides access to the tracks for all of passenger and freight trains. Network Rail owns over 2,500 stations throughout the UK, the majority of which are leased to and managed by the train operating companies. However, we are responsible for managing 17 of the largest. Network Rail has a diverse property portfolio.

Network Rail is a company limited by guarantee. This means that Network Rail is a private organisation and operate as a commercial business, but does not have any shareholders. All of Network Rail's profits are reinvested into maintaining and upgrading the rail infrastructure.

24.13.1 Compliance

Separation of accounts
As Network Rail focuses on infrastructure management, separation of accounts between transport and infrastructure management is safeguarded.

Cross subsidies
The accounts of Network Rail do not provide any suspicion of cross subsidies, as the company focuses on infrastructure management only.

24.13.2 Public support

Network rail received GBP 452 million of public support in 2004.

24.13.3 Performance

Table 24.13 Performance Network Rail

Ratio	2004
Cost per staff member	GBP 0,22 million
Staff costs as a proportion of operating costs	19%
Labour productivity	Not available
Viability ratio	0,77
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	5,82
Debt as proportion of total liabilities	80%
Debt equity ratio	3,37
Debt service	0,10
Return on Equity	-0,16

24.14 Direct Rail services

Direct Rail Services (DRS) is owned by the Nuclear Decommissioning Authority (NDA), established in 1995 to provide the parent company, at that time the British Nuclear Fuels Limited (BNFL), with a strategic rail transport service.

Initially DRS focused on handling the specialist transportation of used nuclear fuel from the UK's nuclear power stations to the Sellafield reprocessing facility in Cumbria. Later the company developed into a wider range of business. DRS operates from depots at Carlisle, Crewe, Sellafield, Scotland and the South East.

24.14.1 Compliance

Separation of accounts

As DRS focuses on freight transport only, the separation between passenger and freight transport and between transport and infrastructure management is no issue.

Cross subsidies

No cross subsidies have been encountered in the DRS 2004 accounts.

24.14.2 Public support

DRS received GBP 484.000 in 2004.

24.14.3 Performance

Table 24.14 Performance Direct Rail Services

Ratio	2004
Cost per staff member	GBP 0,11 million
Staff costs as a proportion of operating costs	34%
Labour productivity	Not available
Viability ratio	1,16
Total commercial traffic revenue per traffic unit (per passenger)	Not available
Asset intensity	1,24
Debt as proportion of total liabilities	47%
Debt equity ratio	0,87
Debt service	Not available
Return on Equity	0,25

24.15 English Welsh and Scottish Railways (EWS)

EWS is the largest rail operator in Britain, providing a range of freight, engineering support and hire services. It is the only rail freight operator to provide a full nationwide level of service provision, with access to continental Europe through the Channel Tunnel.

EWS was launched in February 1996 after the company acquired four divisions of British Rail's rail freight operations - Rail Express Systems, Loadhaul, Transrail Freight and Mainline Freight. This was followed the purchase of the National Power Rail Unit and British Rail's European division - Railfreight Distribution.

24.15.1 Compliance

Separation of accounts

Separation of accounts between freight transport and passenger transport and between infrastructure management and transport is not a concern for this company as it operates freight trains only.

Cross subsidies

No cross subsidies are encountered in the accounts, and as the company only operates freight trains, there is no reason for further audit regarding cross subsidies.

24.15.2 Public support

EWS received an amount of GBP 500.000 of public support in 2004. The nature of this support is not specified.

24.15.3 Performance

Table 24.15 Performance EWS

Ratio	2004
Cost per staff member	GBP 0,09 million
Staff costs as a proportion of operating costs	43%
Labour productivity	Not available
Viability ratio	1,07
Total commercial traffic revenue per traffic unit (per passenger-km)	Not available
Asset intensity	1,07
Debt as proportion of total liabilities	46%
Debt equity ratio	1,19
Debt service	0,02
Return on Equity	0,11

24.16 Eurotunnel

Since 1994 Eurotunnel has been transporting people and goods through the Channel Tunnel between the UK and France. The Group operates a fleet of 25 shuttle trains which carry cars, coaches and trucks. Eurotunnel also manages the infrastructure of the Channel Tunnel and receives toll revenues from train operating companies whose trains pass through the Tunnel. The British and French governments have granted Eurotunnel a concession to operate the Channel Tunnel until 2086.

24.16.1 Compliance

Separation of accounts
Accounts between transport and infrastructure management are not separated.

Cross subsidies
In order to preclude cross subsidies between the different activities, a more in-depth audit of the accounts will be required.

24.16.2 Public support

The annual report does not provide any information on public support.

24.16.3 Performance

Table 24.16 Performance Eurotunnel

Ratio	2004
Cost per staff member	GBP 0,12 million
Staff costs as a proportion of operating costs	27%
Labour productivity	Not available
Viability ratio	1,45
Total commercial traffic revenue per traffic unit (per tonne)	GBP 150,10
Asset intensity	19,31
Debt as proportion of total liabilities	91%
Debt equity ratio	12,73
Debt service	0,78
Return on Equity	-1,08

24.17 Freightliner Ltd.

Freightliner Ltd. is part of the Freightliner Group. Freightliner Ltd. is a freight forwarder focussing on container transport by road and rail.

24.17.1 Compliance

Separation of accounts
Freightliner Ltd. focuses on freight transport, therefore the issue of separation of accounts between passenger and freight transport and between transport and infrastructure management is not an issue. It should be noted however, that no separation of accounts is available between road and rail transport

Cross subsidies
Cross subsidies are not an issue within Freightliner Ltd. as it focuses on freight transport.

24.17.2 Public support

Freightliner Ltd. did not receive any public support in 2004.

24.17.3 Performance

Table 24.17 Performance Freightliner Ltd.

Ratio	2004
Cost per staff member	GBP 0,12 million
Staff costs as a proportion of operating costs	28%
Labour productivity	Not available
Viability ratio	1,06
Total commercial traffic revenue per traffic unit (per passenger-km)	Not available
Asset intensity	0,95
Debt as proportion of total liabilities	71%
Debt equity ratio	2,62
Debt service	0,02
Return on Equity	0,18

24.18 Freightliner Heavy Haul

Freightliner Heavy Haul is a subsidiary company to the Freightliner Group. Freightliner Heavy Haul focuses on freight transport by train.

24.18.1 Compliance

Separation of accounts
Freightliner Heavy Haul is focussing on freight transport per train, therefore the company's accounts are compliant to EU regulations with regards to separation of accounts.

Cross subsidies
Cross subsidies are not an issue as Freightliner Heavy Haul is focussing on railway freight transport.

24.18.2 Public support

Freightliner Heavy Haul did not receive any public support in 2004.

24.18.3 Performance

Table 24.18 Performance Freightliner Heavy Haul

Ratio	2004
Cost per staff member	GBP 0,14 million
Staff costs as a proportion of operating costs	35%
Labour productivity	Not available
Viability ratio	1,19
Total commercial traffic revenue per traffic unit (per passenger-km)	Not available
Asset intensity	0,44
Debt as proportion of total liabilities	70%
Debt equity ratio	2,47
Debt service	Not available
Return on Equity	1,08

25 Norway

The companies to be studied for Norway are:

Infrastructure Manager:
- Jernbaneverket

Train Operating Companies:
- NSB
- Flytoget
- CargoNet A/S
- GreenCargo AB
- MTAS

25.1 Jernbaneverket

Jernbaneverket is the infrastructure manager of the Norwegian rail network. Jernbaneverket was separated from the National Railway Company (NSB) in December 1996. It is an agency under the Ministry of Transport and Communications; the state has complete responsibility for all the infrastructure providers' liabilities. As such Jernbaneverket is part of the Norwegian State. Due to accounting principles applied for the Norwegian State, no balance sheet is available, this study is based on the profit and loss account of 2004.

25.1.1 Compliance

Separation of accounts:
Jernbaneverket is only active in infrastructure management; separation of infrastructure accounts from transport accounts is therefore safeguarded.

Cross subsidies
As the company focuses on infrastructure management only; cross subsidies within the company are no issue. It shall however be noted that infrastructure charges in Norway are zero for passenger traffic, while freight traffic pays a small infrastructure charge. In a way, Jernbaneverket is making freight traffic subsidise passenger traffic.

25.1.2 Public support

Public support amounts up to NOK 4.306,6 million in 2004.

25.1.3 Performance

Due to the status of Jernbaneverket as part of the state the accounting principles applied allow for only very few of the requested performance indicators to be calculated.

Table 25.1 Performance Jernbaneverket

Ratio	2004
Cost per staff member	NOK 0,93 million
Staff costs as a proportion of operating costs	Not available
Labour productivity	Not applicable
Viability ratio	0,17
Total commercial traffic revenue per traffic unit (passenger or freight)	N/A
Asset intensity	Not available
Debt as proportion of total liabilities	Not available
Debt equity ratio	Not available
Debt service	Not available
Return on Equity	Not available

25.2 Norwegian National Railway (NSB)

NSB is active in passenger transport in Norway. It is by far the largest passenger operator in Norway.

25.2.1 Compliance

Separation of accounts:
NSB is only active in passenger transport; therefore, separation of accounts between different types of transport and infrastructure is safeguarded.

Cross subsidies
Cross subsidies are not an issue within the company. However, NSB is as a passenger transporter not paying any access charges, whereas freight transporters do have to pay to use the infrastructure. In a way, passenger transport is therefore subsidised by freight transport.

25.2.2 Public support

Public support for passenger traffic amounts up to NOK 1.800 million (2003). No information is available on the public support in 2004.

25.2.3 Performance

Table 25.2 Performance NSB

Ratio	2004
Cost per staff member	NOK 0,76 million
Staff costs as a proportion of operating costs	44,83%
Labour productivity	0,01
Viability ratio	0,88
Total commercial traffic revenue per traffic unit (per passenger)	NOK 76,80
Asset intensity	1,61
Debt as proportion of total liabilities	54%
Debt equity ratio	1,20
Debt service	2,85
Return on Equity	-0,20

25.3 Flytoget

Flytoget is active in passenger transport only. The company runs trains between Oslo Airport and Oslo. The infrastructure is managed by Jernbaneverket.

25.3.1 Compliance

Separation of accounts
Flytoget is only active in passenger transport; separation of accounts between passenger and freight transport and transport and infrastructure management is therefore safeguarded.

Cross subsidies:
Cross subsidies within the company are not an issue as Flytoget is active in passenger transport only. However, Flytoget is as a passenger transporter not paying any access charges, whereas freight transporters are charged a fee to use the infrastructure. In a way, passenger transport is subsidised by freight transport.

25.3.2 Public support

Flytoget does not receive public support.

25.3.3 Performance

Table 25.3 Performance Flytoget

Ratio	2004
Cost per staff member	NOK 1,71 million
Staff costs as a proportion of operating costs	30,17%
Labour productivity	0,02
Viability ratio	1,14
Total commercial traffic revenue per traffic unit (per passenger)	NOK 120,11
Asset intensity	2,86
Debt as proportion of total liabilities	43%
Debt equity ratio	0,77
Debt service	7,28
Return on Equity	0,03

25.4 CargoNet A/S

CargoNet A/S is a freight transport company. It is a shareholding company owned by Norwegian NSB AS (55% of the shares) and Swedish Green Cargo (45% of the shares).

25.4.1 Compliance

Separation of accounts
As CargoNet is only active in freight transport, separation of accounts between passenger transport and freight transport and between transport and infrastructure management is safeguarded.

Cross subsidies
As CargoNet is focussing on freight transport, no cross subsidies between passenger transport and freight transport are occurring in the company. However, freight transporters pay access charges in Norway whereas passenger transporters can use the rail network without any charges. Therefore, freight transporters are in a way cross subsidising passenger transport.

25.4.2 Public support

CargoNet does not receive any public support

25.4.3 Performance

Table 25.4 Performance Cargonet

Ratio	2004
Cost per staff member	1,80
Staff costs as a proportion of operating costs	33,99%
Labour productivity	Not available
Viability ratio	0,99
Total commercial traffic revenue per traffic unit (per tonne-km freight)	Not available
Asset intensity	0,52
Debt as proportion of total liabilities	39%
Debt equity ratio	0,64
Debt service	Not available
Return on Equity	-0,05

25.5 Green Cargo AB

Green Cargo is a large Swedish freight operator. The company is also operating freight trains in Norway. For more information please refer to the country report for Sweden (chapter 23.4)

25.6 MTAS

MTAB is a Swedish freight forwarding company. MTAB Malmtrafik i Kiruna AB MTAB and MTAS (the Norwegian subsidiary company) carries about 23 million tonnes iron ore products from LKAB's mines in Kiruna and Malmberget to the harbours at Narvik and Luleå, and from the concentrating and palletizing plants in Svappavaara.

MTAB transports ore with its own rolling stock on the Ore Line. The Swedish section of this railway is owned by Banverket and the Norwegian section by Jernbaneverket

Operations in Norway are managed by MTAB's wholly-owned subsidiary, Malmtrafikk AS (MTAS), with its own organization.

25.6.1 Compliance

Separation of accounts
Accounts seem to be separated per country as there is a subsidiary company for Norway. However, until now only consolidated figures are made available for this study. Therefore for more information please refer to the Sweden country report (chapter 23.5).

26 Switzerland

In Switzerland there is no legally required separation between the infrastructure manager and the railway operator. A railway undertaking that gets the permit to construct a railway track, automatically has the right to operate it without any further authorization. Therefore, many of the larger railway undertakings also act as an infrastructure manager. The exploitation of infrastructure has to be separated from other activities in the accounts as well as within the organisation. This is in line with EU legislation.

Companies studied:

Train operators
- Swiss Railways (SBB, CFF, FFS)
- SBB Cargo
- BLS Lötschbergbahn
- THURBO AG
- Rhätische Bahn
- HUPAC

Infrastructure managers
- Swiss Railways (SBB, CFF, FFS)
- BLS Lötschbergbahn
- THURBO AG
- Rhätische Bahn

26.1 Swiss Federal Railways (SBB, CFF, FFS)

In Switzerland, SBB is the main player in the field of railways. SBB is active in Passenger and Freight Transport as well as in infrastructure. SBB is the 100% owner of AlpTransit Gotthard AG, these figures have not been consolidated into the consolidated concern figures, but they have been included using the equity method.

26.1.1 Compliance

Separation of accounts
Swiss Federal Railways has different business units for passenger transport, freight transport, infrastructure, real estate, and central services. The annual report shows separate income statements and balance sheets for each of these business units.

Cross subsidies

2004 was the first year in which SBB Cargo was owner of its own rolling stock; since 2001 SBB Cargo S.A. is a juridical independent company. Since 2004 separation of accounts between passenger and freight business is no longer achieved by cost allocation.

SBB infrastructure sells train paths to SB train operators and to over twenty other operators. Especially on the Gothard route, several international operators compete on the freight transport market. The second Alps transversal in Switzerland is part of the network owned by BLS. In Switzerland, the freight railway transport pays more for the use of infrastructure than passenger train operators. Therefore, in a way, passenger transport is cross subsidised by freight transport, even if freight transport operators are unwilling to do so.

26.1.2 Public Support

In 2004, the public support to Swiss Federal Railways was as indicated in tables 26.1 and 26.2.

Table 26.1 Federal and Cantonal grants for Swiss Federal Railways

Activity	Nature of state aid	Amount of state aid (CHF million)
Passenger traffic	PSO	522,1
Freight	Train path charge and freight subsidies	13,0
Infrastructure	Not specified	101,8
Real Estate		0,0
Central Services		0,0

Table 26.2 Federal Government grants for infrastructure

Activity	Nature of state aid	Amount of state aid (CHF million)
Passenger traffic	Government contributions not covered by SBB infrastructure division	14,3
Freight		0,0
Infrastructure	Compensation for maintenance , operation and development	1.317,2
Real Estate		0,0
Central Services		0,0

26.1.3 Performance

Table 26.3 Performance SBB (consolidated figures)

Ratio	2004
Cost per staff member	CHF 0,24 million
Staff costs as a proportion of operating costs	45,5%
Labour productivity	Not available
Viability ratio	1,04
Total commercial traffic revenue per traffic unit	Nat available
Asset intensity	4,24
Passenger transport	*1,97*
Freight transport	*1,1*
Infrastructure management	*5,30*
Debt as proportion of total liabilities	26%
Passenger transport	*24%*
Freight transport	*40%*
Infrastructure management	*4%*
Debt equity ratio	0,64
Passenger transport	*0,53*
Freight transport	*0,83*
Infrastructure management	*0,09*
Debt service	Not available
Return to Equity	Not available

26.2 THURBO

THURBO is a regional passenger transport railway undertaking. THURBO uses the SBB infrastructure except for the Wil-Weinfelden-Kreuzlingen corridor, which is in ownership of THURBO but managed by SBB. THURBO used to be a SBB subsidiary and until 2007 it will still be using some of the SBB rolling stock.

26.2.1 Compliance

Separation of accounts
THURBO does not separate accounts of transport and infrastructure. The infrastructure maintenance has been contracted out to SBB. Income from access charges are very marginal in this company due to the limited amount of infrastructure owned by THURBO.

Cross subsidies
No proof of any cross subsidies was found in the accounts of THURBO. However, as THURBO is a passenger trains operator, the company pays less access charges than freight train operators. Therefore, in a way, THURBO receives cross subsidies from the different freight trains operators.

26.2.2 Public support

In 2004, THURBO received CHF 70,5 million of PSO grants.

26.2.3 Performance

Table 26.4 Performance THURBO

Ratio	2004
Cost per staff member	CHF 0,54 million
Staff costs as a proportion of operating costs	25,8%
Labour productivity	0,09
Viability ratio	1,03
Total commercial traffic revenue per traffic unit (passenger)	CHF 2,25
Asset intensity	3,48
Debt as proportion of total liabilities	83%
Debt equity ratio	4,95
Debt service	1,97
Return to Equity	0,07

26.3 BLS Lötschbergbahn

BLS is an integrated railway undertaking, active in passenger and freight transport as well as infrastructure management and maintenance and real estate. Under the holding company, there are two business units separating infrastructure from passenger transport. At the same level of the before mentioned business units, there is a separate subsidiary company for freight transport (BLS Cargo AG). Besides, there are two separate subsidiary companies; BLS AlpTransit AG and BLS Immobilien Im Moos AG.

Sales of infrastructure paths is performed together with SBB in a one stop shop. SBB infrastructure and BLS infrastructure together manage the two Alps crossings and both are involved in construction of new tunnels (Gothard basis tunnel for SBB and NEAT for BLS). BLS runs regional trains around Bern as well as the Bern S-Bahn

26.3.1 Compliance

Separation of accounts
In the published annual report, only consolidated figures for BLS Lötschbergbahn AG are presented (passenger transport and infrastructure manager) as well as the figures for the total holding including subsidiary companies. For freight transport, only a summary is presented. Therefore, figures in the table below refer to passenger transport and infrastructure management.

The annual report 2004 comments on ongoing reforms in Switzerland. BLS states not to be willing to separate infrastructure and transport.

26.3.2 Public support

Public support received by BLS in 2004:

BLS Immobilien Im Moos AG (100% subsidiary of BLS) received the following public support in 2004:

- State support: CHF 111,8 million
- State support according to Art. 56 EBG and FinöV-rules: CHF 46,2 million
- Regional support (Bern): CHF 16,9 million
- Regional support (Bern) according to Art. 56: CHF 28,44 million

BLS Alptransit received the following public support

- Capital injection from state and regions: CHF 25,2 million

Any information on public support for BLS is not specified in the annual report.

26.3.3 Performance

Table 26.5 Performance BLS Lötschbergbahn

Ratio	2004
Cost per staff member	Not available
Staff costs as a proportion of operating costs	42,4%
Labour productivity	
Viability ratio	1,03
Total commercial traffic revenue per traffic unit (passenger or freight)	Not available
Asset intensity	4,06
Debt as proportion of total liabilities	92%
Debt equity ratio	10,88
Debt service	0,75%
Return to Equity	0,07

26.4 Rhätische Bahn

Rätische Bahn is an integrated railway company, offering freight and passenger transport services as well as some other services. It is a narrow gauge railway company and is active in south east Switzerland.

26.4.1 Compliance

Separation of accounts
Accounts are not separated between passenger transport and freight transport and between transport and infrastructure management.

26.4.2 Public support

The amount of public support for operations is CHF 113,6 million, in relation to a total revenue of CHF 248,2 million this is quite a large percentage. It has not been specified what the nature of the state aid is.

The balance sheet presents an amount of public finance for investments of CHF 905,6 million. This is considered capital, part of it is a loan, and part of it is a grant.

26.4.3 Performance

Table 26.6 Performance Rätische Bahn

Ratio	2004
Cost per staff member	CHF 0,17 million
Staff costs as a proportion of operating costs	52,03%
Labour productivity	
Viability ratio	0,98
Total commercial traffic revenue per traffic unit	
Per passenger	*CHF 8,88*
Per tonne-km freight	*CHF 0,32*
Asset intensity	4,54
Debt as proportion of total liabilities	9%
Debt equity ratio	1,32
Debt service	8,06
Return to Equity	-0,03

26.5 Hupac Ltd.

Hupac Group is an international railway company consisting of nine companies in several countries. For this study, the consolidated balance sheet was used. The parent company Hupac Ltd. is a mixed holding company. Companies under the Hupac Group are:
- Hupac Intermodal Ltd. (Switzerland)
- Hupac Intermodal NV (Netherlands)
- Hupac SpA (Italy)
- Hupac GmbH (Germany)
- Fidia SpA (Italy)
- Terminal Singen TSG GmbH (Germany)
- Termi Ltd. (Switzerland)
- Termi SpA (Italy)

Hupac operates trains on tractions from Scandinavia, the Netherlands and Belgium to Italy, crossing Switzerland.

26.5.1 Compliance

Separation of accounts

As Hupac Ltd. focuses on freight transport, there is no issue regarding separation of accounts between passenger and freight transport. Accounts are also separated between the different countries in which Hupac has subsidiary companies. However, these accounts were not available for this study.

Cross subsidies

On the infrastructure managed by SBB, including the alpine transit, freight railway transport pays more for the use of infrastructure than passenger transport. Therefore, in a way, passenger transport is cross subsidised by freight transport, even if freight transport operators are unwilling to do so.

Within Hupac cross subsidies are not applicable as Hupac focuses on freight transport. It is unclear whether or not cross subsidies exist between the different subsidiaries. An audit of the books and cash flows within the holding will be required to get more insight into this.

26.5.2 Public support

The Swiss Government wishes to relocate freight transit crossing the Alps from road to rail. However, rail operators in the alpine transit cannot cover the costs fully with market profits, therefore the State supports the providers of services in intermodal transport financially.

The following investment projects in terminal infrastructures of HUPAC subsidiaries Termi Ltd. and Termi Spa where financed primarily by the State:

- Terminal Busto Arsizio
- Track connection Gallarate
- Terminal Singen
- Extension of the Busto Arsizio terminal on the district grounds of Gallarate and Busto Arsizio

The Hupac Group has to repay a consistent part of these financial aids. Until 2041 the repayments including interest amount to CHF 112,2 million. Total amounts involved in this state aid regarding investments are not published.

26.5.3 Performance

Table 26.7 Performance Hupac

Ratio	2004
Cost per staff member	CHF 1,04 million
Staff costs as a proportion of operating costs	84%
Labour productivity	0,00
Viability ratio	1,02
Total commercial traffic revenue per traffic unit Per tonne freight	CHF 44,78
Asset intensity	1,05
Debt as proportion of total liabilities	84%
Debt equity ratio	5,26
Debt service	0,00
Return to Equity	0,12