



European Passengers' Federation Policy Speech

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I'm not going to start by talking about rail transport – or even about the joys of buses and trams or – even though we are in Switzerland – about trolley-buses. Instead I'm going to start by talking about 'plane and boat travel.

I've spent a lot of my life in 'planes. I averaged one inter-continental flight a week for more than ten years. I had chronic jet lag, year in, year out; knew how to differentiate a Boeing 747-200 series from a 747-300 or a 747-400 and had seen just about every movie going. I also became something of an expert in amateur navigation: I whiled away the long hours at 10,000 metres or more by looking out of the window. The trans-Siberian tundra on a winter flight from Europe to Japan might be thought to lack variety but, if you divert your eyes for a couple of minutes and then resume your gaze you'll be amazed how much the prospect can change.

Sea travel has its own allure. How many times have you stood on deck, expectantly looking for sight of land? The ship rises on the swell and momentarily you catch sight of land on the far horizon. You alert your friends to the prospect of dry land, shouting 'Land a-hoy' and you and your fellow passengers are enlivened as your ship churns onwards towards a sheltered harbour. An hour later you are still churning on towards land-fall. The speck on the horizon seems a bit bigger, nearer but still not yet there, even though you've ploughed on through twenty-five kilometres of heaving sea. It takes patience to be a good passenger.

There are similarities with the European legislative process. It is very lengthy, it can be a bit choppy, and is often rather boring. But one usually gets there, eventually. This time the form on the far horizon is the Fourth Railway Package – hundreds of pages of draft legislation and associated documentation most of which will have little impact for five years or more. With a fair wind and skilled political navigation the *acquis* may be largely agreed by the time of next year's elections to the European Parliament. But like most transport issues, the devil will be in the detail. We need to watch closely now and to go on watching carefully as the legislation takes on its final shape.

The European Passengers' Federation has shown that its patient effectiveness in this type of work. Rian van der Borgt, Willy Smeulders and Kurt Hultgren have all had a hand in shaping the drafts of the European Railway Agency's Technical Standards for Interoperability, whether in relation to the Passenger Applications' Telematics TSI or the revision of the TSI on meeting the needs of People with Reduced Mobility. Trevor, Willy and I have all contributed to the workshops, seminars and conferences organised on new legislative initiatives by the European Parliament, the Economic & Social Committee and the European Commission. These events have covered a wide variety of themes – maritime and aviation as well as land transport. A number of these took place in the

build up to the launch of the Fourth Railway Package – in effect we were given a first sight of land with the publication of the last Transport White Paper – now two years ago.

That makes particular sense. The Fourth Railway Package – which focuses on measures designed to create a more competitive and innovative European rail market - is predicated on delivering a massive modal shift to rail in line with the White Paper. The Commission sees this as essential to the competitiveness and long-term sustainability of the European economy.

You will recall the goal that the Transport White Paper set: the majority – more than half – of medium distance passenger transport should go by rail. Now rail's current share is less than 10%. At first sight it seems that the Commission expects there to be a fivefold increase in rail's share. That's true; but there will have to be an even greater increase in traffic volumes – the demand for transport will continue to grow. The Commission believes that passenger traffic will increase by over 50% by 2050, and that freight traffic will grow by 80%. When you add that growth in absolute volumes to the projected growth in rail's share it is clear that the Commission is expecting the rail system to handle ten to fifteen times the volume of traffic that it handles today – all in the likely service lifetime of the generation of new vehicles that is just coming into service now.

That sort of modal shift won't be achieved if rail is the mode of last resort, even if there is sufficient investment to ease bottlenecks and to carry the vast increase in traffic. Rail won't succeed in attracting the extra volumes if it is the distressed choice – the mode of travel that most people opt for with reluctance or when faced with no reasonable alternative. Rail needs to become the mode of choice. That's the only way to secure the growth and the public investment necessary to accommodate that traffic growth. EPF's work on the USEmobility project, which published its conclusions in Berlin in February, pointed to the opportunities for encouraging people to shift from car use to public transport. This multi-country EU study looked at the drivers that cause people to switch between modes. It identified those so-called 'swing users' who had switched from car to public transport or vice versa and distinguished between 'push' factors and 'pull' factors identifying those things that civil society organisations could do to promote sustainable user choice. These are important issues and we can be proud of the role that Josef Schneider and Stijn Lewyllie enabled EPF to play in this study. Public funding depends on political support. Political support is shaped by public enthusiasm. We need to understand the drivers of that enthusiasm.

Now anyone who is a serious student of public transport and passengers' attitudes will know that providing a consistently dependable service is the key to success. People don't want services that are subject to delay or cancellation. They want a seat when they travel and they want services at times they want to travel. And they expect to travel safely. Yet we also know that all these things take investment in infrastructure, vehicles, telematics and staff training. And that can be expensive.

Expense, of course, is a relative concept. It is probably more illuminating to talk about good value or value for money. But even those concepts are fraught with difficulty. People make comparisons: they compare the price of a turn-up-and-go rail ticket with the cost of a discounted air-fare. They compare the price of bus travel with the cost of a litre of fuel in a car performing at its most efficient, conveniently ignoring the other operating costs like tyre replacement, servicing, insurance, parking and so on. And they are almost certainly inclined to ignore the wider costs: the social and economic cost of congestion, the personal cost of accidents and the economic costs of environmental decay – those things that can only be captured if there is a level playing field in which, as economists describe it, external costs are internalised and people can use transparent pricing to inform their modal choices.

High quality public services cost money. But we need high quality if they are to be competitive. Consumer decisions are distorted if the costs of the alternatives aren't priced transparently and fairly.

But while a freely operating market theoretically provides the basis for fair competition you only need to reflect for a moment to realise that the market for public transport can seldom operate this way. It is the nature of public transport that the decisions of individual transport users are seldom sovereign: it costs much the same to operate a three-car train filled to standing as it does to run one with a single passenger. The same is true for buses, for trams and for 'planes and ships. With public transport one needs to find an alternative to the 'invisible hand' of the so-called free market.

That's where passengers' groups and other organisations representing end-users come in. They have an important role in compensating for the inevitable market failure that occurs with the provision of public goods.

And this is where we get back to the Fourth Railway Package. One of the themes running through the proposed legislation – as, to some extent, with last year's Recast of the First Railway Package - is the idea that it is essential to consult with, monitor the reactions of and to engage with end-users.

The package proposed that end-users should have a say in the management of the important traffic corridors. It also requires the authorities to establish and keep updated public passenger transport plans covering all relevant modes. The plans will have to define the policy objectives and the means for delivering those objectives, including network and route structures, connectivity and inter-modality requirements, service frequencies, service quality standards, tariff policies, operational requirements such as the handling of bicycles and the management of disruption, customer service standards, complaint handling and redress. And here is the really striking bit: the authorities must consult relevant stakeholders before publishing their plans. For the purpose of public service contracts, representative passenger organisations are no less significant as consultees than transport operators and infrastructure managers and employee organisations. We are getting there!

It is also accepted that end users should have a continuing role in the increasingly important work of the European Union Railway Authority – the European Railway Agency. As some of you know, I currently have the honour of chairing the Agency; I am on its board as representative of the passengers' sector, elected to the chair by the Member States and the Commission board members. That would not have happened without EPF.

It is even acknowledged that the monitoring of user satisfaction has an important part to play in the Rail Market Monitoring Studies that the Commission makes each year to the Parliament. I don't believe that the same importance would have been attached to end-users had not EPF lobbied consistently and for a number of years for recognition of their importance. This is an example of the speck of land on the horizon growing gradually bigger. Indeed, the Commission earlier this week commissioned the second EU-wide study of passenger satisfaction, drawing on our technical guidance. We are active participants in the Fourth Railway Package process.

We haven't reached land-fall yet, though. Perhaps the competitive and transparent award of public service contracts envisaged by the Fourth Railway Package should also be subject to an element of passenger preference. Shouldn't those awarding a concession or a franchise be obliged to take account of users' views when making an award? Mightn't the way in which the successful bidder is rewarded be linked to what increase in passengers' satisfaction they can achieve? After all, the ultimate end-result of all the Commission's legislative initiatives should be an increase in levels of end-user satisfaction.

And is it realistic to ignore the way in which one mode of transport interacts with another? Oughtn't we to be doing more to recognise the multi-modality that is implicit in many journeys – thinking in terms of end-to-end journeys rather than any particular segment or journey leg? And, equally, shouldn't action be taken to ensure that when modern, high-speed services are introduced – particularly those like Thalys or Fyra or Eurostar that cross dedicated new lines to cross national borders – these developments should not be at the inconvenience of those dependent on the less-fashionable, classic cross-border services. In the case of the ill-fated Fyra, it was already clear - before the service was so embarrassingly suspended - that its high fares, obligatory reservations and limited stopping pattern were driving passengers away from rail altogether whilst forcing over-crowding on the restructured local national stopping services.

These points comes home in considering the Commission's proposals for intermodal ticketing. One idea in the draft legislation is that member states should be allowed to require operators to participate in integrated ticketing and information systems – a legislative proposal that overcomes the technical constraints that might otherwise be created by European competition law. A good idea, you may say, but think a moment.

First, the idea is there as an option: while it would have the benefit of by-passing possible competition law constraints it does not make integrated ticketing and information mandatory. Secondly, the idea is conceived on a national basis: it ignores the competitive and attractive reality and freedom of car travel where – armed with a credit card, a national driving licence and a vehicle – a driver can speed from one side of Europe to the other, unimpeded by lack of inter-operability, the need for vehicle cross-acceptance and national safety barriers to travel. You can't do that easily with public transport – if at all in many cases. The third point is that this non-mandatory, nationally-based approach seems incompatible with the vision shown by the EU's Transport Commissioner, Vice-President Kallas in his promotion of EU-wide multi-modal journey planning.

The Parliament needs to review the short-comings of the draft legislation in these respects. Unless it does, the chances are that we will be stuck with a further generation of nationally-differentiated, non-interoperable ticketing and information systems with some of the big operators seeking to maintain their dominant positions by pleading that they should be entitled to get a return on their past investments in infomatics. DB's journey planning systems are undoubtedly good: they mustn't, however, be allowed to obstruct the opportunity for passengers to make through bookings involving different operators and varying modes.

There can only be market opening in the European market if the access points to it – the ticketing and information systems – are themselves subject to market opening. If anyone has any doubts about this, look at the way in which the airline market has been revolutionised by the global distribution systems and travel distributors, companies like Amadeus, ebookers, Expedia, Odigeo (and its brands eDreams, GoVoyages, Opodo and Travelink), Sabre (including its affiliate lastminute.com), and Travelport. The transport operators need to demonstrate that they can provide comprehensive ticketing and information systems in a non-discriminatory, end-user-friendly way. Otherwise the subject may be too important to leave to the transport operators.

Competition requires strong supervision if the interests of end-users are to be safeguarded and the benefits of market opening realised. This is particularly so in the public transport market where there is inevitably a failure of the normal market disciplines of supply and demand, where the traditional bilateral relationship between producer and consumer is further complicated by the involvement of third parties – the public authorities who provide public funding and who sees their job as being to minimise the demands on the public purse. The consumer is the weaker part in this triangular

relationship. We need the practical support of the Commission – legislative and financial - if we are to influence the future effectively – in the end users' interest.

I talked earlier about the importance of value for money. My guess is that almost all of us think that the cost of travel by public transport should be cheaper if the market is to be grown as the Commission foresees. Certainly, I have long taken the view within the European Railway Agency that the primary justification for its existence are the efficiency benefits that its work in the fields of interoperability and cross-acceptance – duly moderated by its safety competences – can bring over decades to come. But it is also important that the planned transfer of competences and responsibilities to the European level should not be at the expense of those – including passengers' organisations – to play a consultative role in the process.

I know from my experience in the Britain that passengers' representatives have played an important part in contributing to the robustness and acceptability of industry standards. If responsibilities and competences are to be transferred to the European level it is vital that proper provision is made for end-users' input. That requires two things. First, we need an institutional framework: I argued last year and am still of the view that EPF should be included in the European Group of Representative Bodies and the Network of Representative Bodies, alongside the likes of the Union of the European Railway Industries (UNIFE), Community of European Railways and Infrastructures Companies (CER), European Infrastructure Managers (EIM), International Association of Public Transport (UITP), International Union of Private Wagons (UIP), International Union of Combined Road-Rail Transport Companies (UIRR), European Rail Freight Association (ERFA), European Transport Federation (ETF); Autonome Lokomotivführer-Gewerkschaften Europas (ALE), European Passengers Train and Traction Operating Lessors' Association (EPTTOLA). Secondly, we need the resources to do the job. The recommendations of the Strategy Task Force have an added urgency. But we may need Commission help too: we shouldn't be expected to give our time for free, given the Commission's recognition of the centrality of end-user views to their vision.

The rail sector is beginning to show that it has grasped this point. I spent part of last year working in a group led by the UIC and CER that was charged with drafting a vision for 2050 – *Challenge 2050*. I was delighted that – despite the drastic compromises needed to accommodate the varying views of a traditionally disparate sector – Trevor was asked as our Chair to join with the other industry leaders in signing the introductory page of this common vision.

So to summarise: we seem to be getting there. I think I can begin to make out the harbour wall as we approach land-fall. But we are going to need to remain vigilant and committed if we are to navigate the shallows and reefs as we come in to land. We going to need all hands on deck – and that means the commitment of you and the organisation that you represent.