

18th and 19th November 2014

International Transport Forum

Roundtable on Efficiency in Railway Operations and Infrastructure Management

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Purpose of Roundtable

Revisit the issue of how to define and measure “efficiency” at the proper level of detail and with reasonably available data so that policy makers can evaluate the impact of past changes in railway structure and ownership and assess the likely outcome of future initiatives

Two Key Questions Posed by ITF

- **Is there a set of measures, however imperfect, that will be useful at the policy level without being overwhelmed by second-order details?**

In addressing this question, we should be mindful of the intended purpose of the measures, for example:

- Governments assessing the impact of past changes in railway structure and ownership or other policy initiatives, as well as assessing the likely outcome of future initiatives
- Economic regulators assessing the efficiency potential of the railway industry as part of their review of costs, revenues and access charges

- **To what extent would existing data reporting (U.S. STB's "Statistics of Class I Railroads," Amtrak's "Monthly Performance Summary," U.S. FTA transit statistics, UIC "International Railway Statistics," U.K. ORR reports, etc.) be adequate for efficiency measures and to what extent they should be modified, enhanced (e.g. requiring infrastructure entities and operating companies in the E.U. to publish an Income Statement and Balance Sheet to IRFS requirements) and made mandatory**

Three Presentations Today

'What is Rail Efficiency and How Can It Be Changed?'

Lou Thompson & Heiner Bente

'Rail Efficiency: Cost research and Its Implications for Policy'

Chris Nash & Andrew Smith

'Efficiency Indicators of Railways in France'

Alain Bonnafous & Yves Crozet

A Cautionary Note

Caution against the use of cross-section data in measuring efficiency:

- i. Cannot control (or identify) all the factors at play that lead to differential performance across railways
- ii. Often, policy change appears to have little impact or the impact is protracted and therefore any conclusions on the effectiveness of policy initiatives is difficult.
- iii. E.g. Is a lack of evidence on the efficacy (or otherwise) of open access policy in the EU due to protracted introduction of the policy or because we haven't chosen the right indicators
- iv. Is it possible to standardize all parameters? – e.g. the maintenance costs of a high standard railway versus a low standard railway

It is difficult to isolate the effect of a particular action (investment policy, structural or regulatory change) when multiple actions take place

Time-trends in simple relative performance can be of more value than a pure cross-sectional analysis and that healthy scepticism is required with the latter.