Liberalization of
Public Transportation

What can the Netherlands learn from the UK?
Tracking Railtrack

Conference paper

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The Executive Exchange Network

The Executive Exchange Network brings together a small group of high-ranking government officials, captains of industry and civil entrepreneurs for debates on the future of the public domain. The Network intends to combine knowledge and experience on civil entrepreneurship, public management and corporate responsible business to look for new strategic models and concepts. Therefore the Network wants to know what are the lessons learned abroad in managing the public domain? To this purpose facts, developments and trends are gathered, compared and discussed. International experts are consulted and foreign programmes, policies and practices are assessed for their possible use in the Netherlands.

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Introduction

On Monday, 8 October 2001, Railtrack, the company that controls Britain's rail infrastructure, has been put into administration. Its financial and operational performance has not met the expectations and the government has taken charge. This has put the liberalization of public transportation back into the spotlights. Should or shouldn't management and maintenance of railway infrastructures be in the hands of private companies?

An important element in this discussion is the European Commission's policy, that advocates a greater role for market forces. Liberalization would encourage train operators to cut their costs, improve the quality of service and offer new products. The Commission's policy also advocates a clear separation of responsibilities between the train operating companies and rail infrastructure companies, at least on an administrative level, to ensure sound and independent financial management.

In the first meeting of the Executive Exchange Network, held in November 2001, the developments in public transportation and the liberalization of its operation were the central theme. Which lessons can be learned from experiences in the United Kingdom and the Netherlands? Mr Harrison-Mee, corporate rail development director of Connex Headquarters and former managing director of Connex UK, shared his views on privatisation and related of his experiences in the United Kingdom, Sweden and Australia. Mr Klerk, director of Railinfrabeheer (RIB) - the Dutch equivalent of Railtrack - gave his view on the development in the Netherlands, the position of Railinfrabeheer and the changing role of public and private parties.

This paper is an account of the presentations and discussions held at the conference and a summary of the state of affairs. We try to give a brief overview of developments in the United Kingdom, the Netherlands and the European context and summarize lessons learned related to the liberalization of public transportation.

The UK, an experience culminating on Monday, 8 October 2001

Railtrack, the company that controls Britain's rail infrastructure, has been put into administration in the beginning of October 2001. The government asked the High Court to take this action after it refused to put any more money into the struggling company. The order means Railtrack is now under the control of government-appointed administrators, who will continue to run the railways. Railtrack's shares will be suspended, with the company's hundreds of thousands shareholders expected to get little, or possibly none, of their money back.[1]

Railtrack was a successful company in its first years of operating, but things started to go wrong in late 1999. First came the Ladbroke Grove rail crash, which led to recommendations that billions of pounds should be invested in safety systems. This was followed in October 2000 by the Hatfield crash, which was caused by a broken rail. That threw the UK rail network into chaos for months as tracks were repaired up and down the country, and led to the collapse of the company's share. Experts say Railtrack had “no hope” of raising the money needed to pay for the planned expansion of the railways. It means the government's target of carrying 50% more passengers in 10 years time cannot be achieved unless drastic action is taken.[2]

The bankruptcy of Railtrack is the direct consequence of the way the railways were privatized in 1996. The problem always centered on Railtrack, which was charged with operating a run-down network. From the day of privatization its revenues were more or less fixed, according to a formula laid down by its regulator. But nobody, not least Railtrack's management, knew what its costs would be. There was no proper inventory of the state of the track and signals, and therefore no idea of how much investment would be needed to fix them.[3]

It took three crashes, most importantly the Hatfield disaster in October 2000 caused by a cracked rail, which should have been repaired months earlier, to underline the fact that the network was not just crumbling, but also unsafe. The Hatfield crash marked the beginning of the end for Railtrack. Worries that the whole network might be full of cracked rails led to drastic speed restrictions and expensive repairs. The financial cost of all this was revealed last May when Railtrack produced its annual results—a pre-tax loss of £534m, compared with a profit of £360m the previous year. Even more alarmingly, it revealed a financial gap of nearly £5 billion ($7.25 billion) over the period to 2006, partly caused by Hatfield. This was after the government had agreed a month earlier to advance £2 billion of grants to the company. Railtrack also revealed that it faced huge potential liabilities, such as those caused by delays in upgrading the West Coast main line.[4] It was obvious that Railtrack had only one place to go for most of the money it needed: the government. So the company was going to have to ask taxpayers to bail out its shareholders.

[1] BBC News (8 October, 2001), *Railtrack in administration*
[2] BBC News (8 October, 2001), *Railtrack in administration*
[3] The Economist (13 October, 2001), *Railtrack's bankruptcy, Blood on the tracks*
[4] The Economist (13 October, 2001), *Railtrack's bankruptcy, Blood on the tracks*

Having no hopes of a recovery the government pulled the plug on Railtrack and send it into receivership. To put the company into insolvency has added the advantage to clear-out of Railtrack's management, and the opportunity to devise a more sensible regulatory structure.[5]

However the government's decision to put Railtrack into adminstration could have broader ramifications for its plans to reform the public sector through greater use of private partnerships. The move - which is likely to lead to Railtrack's 250,000 shareholders losing all their investment - could prejudice the climate against further government privatizations among investors.[6]

Rise and fall of Railtrack[7]	
1996	Privatized. Shares cost £3.80
Sep1997	Southall crash kills seven
Oct 1998	Shares hit high of £17.68
Oct 1999	Ladbroke Grove crash kills 31
Nov 1999	£1m a day profits
Oct 2000	Hatfield crash kills four
May 2001	Posts first loss - £534m
June 2001	Accused of "lamentable failure" in Ladbroke Grove report
June 2001	Boss Gerald Corbett leaves
July 2001	New chairman John Robinson apologizes for "appalling" year
Oct 2001	Placed into administration

What happens next? The government insists it is not nationalizing the company, but envisiones to turn the company into a non-profit trust. The idea is to set up a new private company to own and run the network. It has no shareholders, and will be financed through the bond market. So, not state-owned, but also not owned by shareholders. The government proposed company as a replacement for Railtrack should be viewed by lenders as a "good risk". The government's not-for-profit option would:

- End the conflict between short term increases in share price and the long-term needs of the network
- Give rail operators and passengers more of an input into the network
- Help attract the private investment needed to underwrite the government's 10-year-transport plan
- End the divisions "all too apparent in the industry when the network was under Railtrack's stewardship".

Unlike Railtrack, the proposed new company would plough profits back into the network rather than shareholder dividends. But it would still rely on private investment to help it fund badly needed track improvements and it would be allowed

[5] The Economist (13 October, 2001), *Railtrack's bankruptcy, Blood on the tracks*
[6] BBC News (9 October, 2001), *Railtrack and the private sector*
[7] BBC News (8 October, 2001), *Railtrack in administration*

to raise cash on the debt markets. However, it may now be more difficult for the new company to raise money on private capital markets.[8]

The proposed new company would play a scaled-down role in the future development of the rail network, largely confining itself to routine track maintenance. Big one-off projects, such as an upgrade for the East Coast Mainline would be carried out by specially-created consortiums. The new company could also ‘be combined with a different, more streamlined, regulatory regime’. Nevertheless, the government is still keen to encourage bids from private companies to run Britain's rail network.[9]

A not-for-profit infrastructure company brings with it many advantages: greater stability, no shareholders to please, and the ability to create a balanced board representing all the interests in the rail industry. Until now, Railtrack has been independent of the government and run ostensibly for the purpose of making a profit for shareholders. The new company will still be, in theory, independent. But it will not be financed by shareholders, and any profit it makes will be ploughed back into the rail network.[10]

[8] BBC News (9 October, 2001), *Railtrack and the private sector*
[9] BBC News (23 October, 2001), *New Railtrack will be a 'good risk',*
[10] BBC News (9 October, 2001), *Head to head*

The rail infrastructure in the Netherlands

The problems of Britain's privatizsed rail network have led inhabitants of other European countries to fear their national railways could suffer similar punctuality and safety problems. As a result, rail privatization programs in France and Germany have been delayed. And the Dutch government is assessing whether privatization remains in the country's best interests while it sorts out its current rail crisis.[11]

In the Netherlands, the railway situation is somewhat different than in the UK, although not less discussed. Problems have concentrated more on the privatized train operating company, the NS, than on the railway infrastructure maintenance organization Railinfrabeheer (RIB), which is comparable with Railtrack.

The European Commission’s legislation on rail infrastructure has demanded a clear separation between infrastructure and operations on an administrative level. The implementation of this legislation has led to a complete separation of the train operation company and the railway infrastructure organization in the Netherlands. All revenue generating activities have been transferred to the NS Group, a state owned company under private law. All cost intensive activities, which includes rail infrastructure, will be transferred to the government.

As from January 2001 the Netherlands Ministry of Transport, Public Works and Water Management has taken over the management of the functional agencies of Netherlands Railways (NS). These agencies are:

- NS Railinfrabeheer, responsible for the management, maintenance and construction of the rail infrastructure;
- NS Railinfra Trust, holds the legal ownership of the infrastructure and properties;
- Railned, assigns the use of the railway capacity and supervises rail safety; and
- NS Verkeersleiding, responsible for rail traffic control.

The takeover, in which rail safety, the continuity of rail transport and labor law guarantees for personnel are important elements, is consistent with the policy envisaged for the privatization of the NS.[12]

Although international high speed trains generally manage to run on time in the Netherlands, 20% of Dutch trains run late - a sore point with the general public. Trains are late or don't run and it's getting worse.

In January 2002, the Dutch Transport Minister, has installed a crisis management team at Dutch Railways because the state- owned company failed to meet punctuality

[11] BBC News (21 January 2002), *Dutch rail privatisation under fire*
[12] Ministry of Transport, Public Works and Water Management (5 May 2000)

targets. Management has been send home, despite current legal constructions which doesnot give the Minister authority. In response, the non-executive board, who does have the legal authority to appoint and dismiss the management board, concludes it is superfluous and resigns. But there are signs that the move might not be enough to resolve the ongoing rail crisis.

- A lack of spare parts and spare trains continue to cause trains to break down and run late.
- A large amount of defects on the tracks cause repairs and problems with time schedules. Electrical wiring is in a bad shape, signals are failing and switches do not work.
- A complex and multi-party involvement in property management of tracks and stations. While RIB owns the ground and tracks, NS owns the commercially related square meters in the stations. The maintenance and the improvement of stations, especially the large ones in the big cities, are therefore problematic. Government tries hard to engage NS Vastgoed in PPP's for the development of the Railway station environments, but so far, these public-private constructions have proven to be too complex to carry out quickly and without frictions.

The rail crisis has been brewing since 1995 when Dutch Rail was split into separate companies - an independently-run passenger service under state control and government-run track and infrastructure firms. The split was intended to prepare Dutch Rail for full privatisation in 2000 but the subsequent drops in efficiency and a rift between management and unions led to the shelving of the privatisation plan.[13] Whether the move towards a state owned company for maintenance, capacity management and traffic control will better the situation of the Dutch trains, remains to be seen.

Rise and fall of NS & RIB

Dates	Actions taken
Early years	• The forming of the NS; national, state owned organization including all functionalities involved in railway transportation Separation of RIB, Railned and Railverkeersleiding from NS • Privatization of NS into a private organization, with all the shares in the hands of the state • NS divided into NS Reizigers, NS Vastgoed
January 2002	• Bringing back together of RIB, Railned and Railverkeersleiding into one state owned organization
January 2002	• Sending home of Management of NS by Minister of Transportation

[13] BBC News (21 January 2002), *Dutch rail privatisation under fire*

Lessons learned

1. The myths of liberalization of public transportation

European legislation is unequivocally implemented
Although European legislation is equally binding for all member states the translation and implementation of the legislation appears to be different in each member state. Although the separation of responsibilities between the train operating companies and the rail infrastructure companies will at least be effectuated on an administrative level (e.g. France), the United Kingdom and the Netherlands have chosen for a more rigorous approach. It however questionable to what extent and in which timeframe European legislation should be followed.

Long term planning is distorted by political decision making
Political decision making often has impact on planning of future facilities. Its seems as if politics determines where new public transportation facilities will be build. However political decisions will have to follow demographical trends as well as land use planning. These factors, more than political ones, will determine where public transportation will be needed in the future.

Liberalization is less expensive than publicly operated services
The government can borrow at lower rates of interest than the private sector. The government claims that the private sector "can compensate for the higher cost of borrowing" by being more innovative in the design, construction, maintenance and operation over the life of a contract by avoiding "costly over-specification in design"; create greater efficiencies and synergies between design and operation; invest in the quality of the asset to reduce maintenance costs; and to "manage risk better" (Treasury, 2000). These assumptions are challenged however since escalating costs are a common feature

Public transportation can compete with private transportation (car)
Public transportation in it self will never be able to compete with private transportation. Private transportation offers an unique proposition which can rarely be met by a single mode of public transportation: seamless transportation from location of departure to destination. Unless public transportation offers an equal network of interlinked and interdependent transportation modes, they will not seize the private transportation market. Nuancing the argument above, a distinction could be made between regional, national, and international transportation. In various cases, for example when travel time is exceeding two hours, international trains could be more optimal modes of transportation, outperforming cars and planes, in service, connection and travel time.

Private companies will invest money in public infrastructures
Railtrack and NS cases clearly show that fundamental investments in public infrastructures are not made at appropriate times and in appropriate volumes. Enhancing investments in railways require a long term view, generally speaking a

term of 50 years. However, franchises are normally committed for up to 15 years, making it difficult to realize a sufficient return on investment.

The introduction of competition will improve performance and efficiency
Various kinds of competition can be introduced. Examples from the United Kingdom show that competition on one (multiple user railway) the line eats capacity. For optimal line performance companies should cooperate and talk about sharing space. Geographical competition, competition between providers for operation licenses or franchises of a regional network introduces a creative tension which stimulates operators to improve their services and operations.

Some observations

Capacity planning
Liberalization models for public transportation are based on assumptions regarding the future use of services. These projections are fundamental for calculating costs, investments, service levels and revenues. Unfortunately the growth of passengers has been largely underestimated in the United Kingdom. This lack of capacity planning is one of underlying factor causing the current problems.

Blaming and shaming strategies
The previous 15 years the questions has been who will take the blame for the demise of Dutch railways. Although the overall attitude has changed from blaming to cooperation in the last 6 months a number of blaming strategies are still acted upon. For example, the government has insisted on agreeing on management contracts with NS board of directors. The question remains: is this a solution or the ultimate blaming strategy?

Does size matter?
Can competition be introduced in the Netherlands or is the Netherlands to small for competition? Due to the geographical settings and the size of the country, it could be argued that the Netherlands has only commuter trains. The country is to small to talk of 'intercity' trains. Having more than one operator on the same system will eat capacity. Nevertheless, it might be possible to introduce regional competition. A system with 2 or 3 operators might very well be possible. For clients nothing changes except for the color of the trains

Benchmarking and educational tourism
A great benefit of regional competition is the possibility of internal benchmarks. Internal benchmarks opens opportunity for learning. Having more operations create a creative tension which will benefit services and innovation in the sector. International benchmarks however are useless (as is educational tourism). It is impossible to compare national railway systems. They are not the same.

2. Major themes in liberalization of public transportation

Discussions on liberalization of public transportation mainly focus on performance and money. Especially performance indicators from a consumers' perspective, like punctuality, number of trains or busses, services, adequate information, etc. are frequently dominating decision making. However, in executing and evaluating liberalization, other factors are equally important. Next to performance, ownership & control, funding and competitiveness will have to be addressed.

Performance
• Punctuality • Information • Communication (between carriers, customers, traffic control, …) • Interconnectivity (between several modes of transportation) • Transparency about performance • Quality (in relation to prize and in comparison to other modes of transportation) • Complementary and externalities • Safety issues

Ownership & control
• Legal framework & regulation have to fit with government goals • Property of all the land involved • Usufruct • Governance of state owned companies • Access: entry and exit barriers for carriers • Control of public funding • Control by clients

Funding
• Capital investments • Other financial resources • Pricing • Cost allocation • Economical performance • Subsidizing public interests

Competitiveness
• Market dominance of one or few parties • The nature of competition; requiring money for pr • Market (in)equality; for instance the lack of alternatives for train companies • Market share in mobility • Public and private entrepreneurship

3. Models for liberalization

The organization of public goods provision
Public goods provision is organized differently around the world. In assessing and understanding these provision it is important to look at ownership and funding arrangements. These two factors are largely responsible for the determination of the shape and function of these kind of organizations.

Table: The organization of public goods provision

Ownership / Funding	Only state ownership		PPP	Only private ownership		
	Public law	Private law		Only profit	Only non-profit	Mix profit non-profit
Only public	RIB (NL, infra)				Railtrack (UK, infra) NEW	
Only private				Railtrack (UK, infra) OLD		
Public-private mix		NS (NL, passengers)		Operators (UK, passengers)		

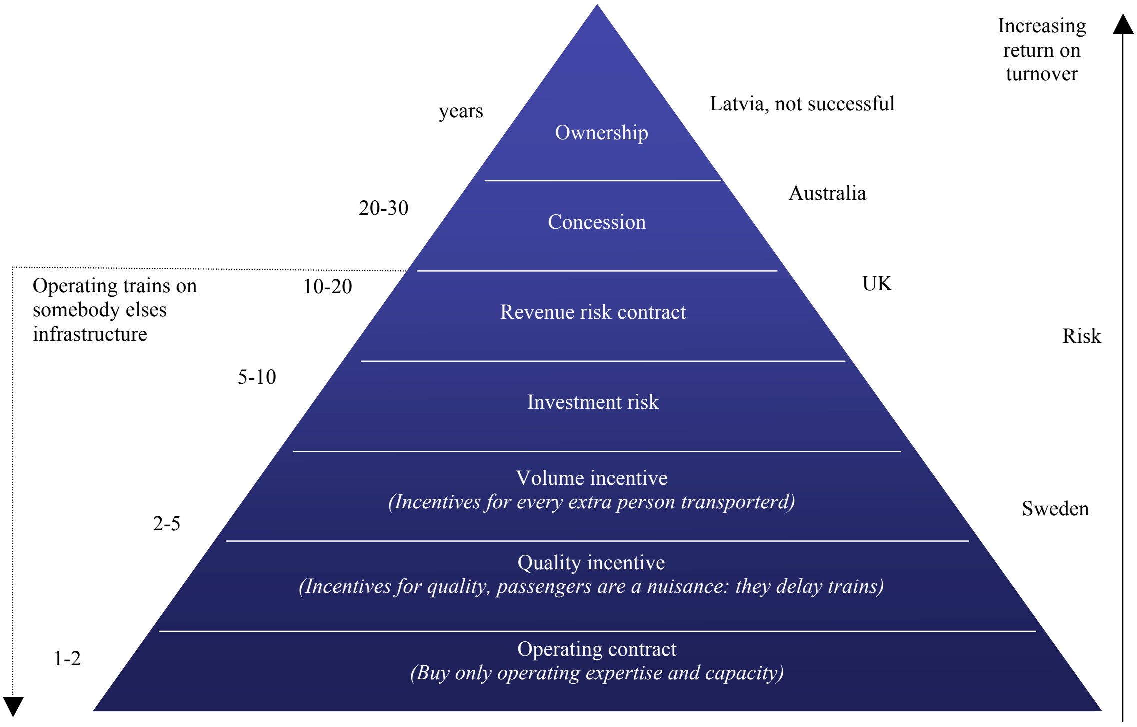
The table above helps to assess the position of various organizations, their relative position, the developments and changes in arrangements. It is a diagnostic tool for better understanding the dynamics in the organization of public goods provision.

Stages of Liberalization

A distinction can be made for various stages of liberalization. These stages indicate an increased ownership and an increasing return on turnover. The choice, for which level of liberalization will be introduced or executed, depends mainly on national politics and policy. The triangle of Harrison-Mee (below) gives an overview of various liberalization alternatives, ranging from operating contracts to full ownership.

Figure: The triangle of Harrison-Mee[14]

[14] Harrison-Mee (November 2001)



The above model suggests private sector involvement in operating and managing the public transportation. There are a number of advantages in private party involvement:

- Governments have limited amounts of resources. Using the private sector, governments can get more money for development of infrastructure and materials
- Private sector brings in a different kind of expertise. Internal benchmarking (e.g. between regions) can be used to learn from each other
- Cost efficiency and reduction
- Change of perspective: public sector railway companies are mostly focused on moving trains. Private sector perspective is more on moving people from A to B, proving seamless transportation, implementing integrated transport and competing with the car transport experience

A new organizational form

Thinking along these lines, the newly proposed non-profit organization that should replace Railtrack might not be such a bad idea. According to the Social and Cultural Planning Office of the Netherlands non-profit organizations do have a lot of advantages over government-led as well as private-owned companies.

Table: Advantages and disadvantages of non-profits

Advantages	Disadvantages
• Beter service	• Particularism

• Higher quality • No profits to shareholders • Larger equality • Lower costs (volunteers, gifts) • More innovative capacities than government • Social change • More critical to government policy • Room for diversity • Expressing own norms and values • Social capital • Attribute to development of society	• Paternalism • Distribution of privileges instead of rights • Increase dependence • Amateurism (volunteers)

4. Managing the process of liberalization

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1. Set objectives of liberalization

- Customers want a seamless journey from door to door
- Investment are needed in infrastructure (rails, signals, etc.), modes of transportation (trains, etc.) and services (performance, punctuality, information, etc.)
- Investment are needed in train stations and related urban or city areas
- Improve innovation and creativity within the industry
- New management and hands-on approaches in service delivering

2. Realize challenges for innovation of services

- Improve bad image
- Acquire a strong stance in a competitive labor market
- Prepare for competition
- Co-operate with commercial parties
- Distribute scarcities
- Use consumer buying power for public goods provision

3. Demand for three major changes in organizing national politics

a. Cleaning up
Analyze current pitfalls and faulty cases, formulate policy, allocate adequate funds and agree upon responsibilities for sunk costs, past investments and current performance. The Netherlands Court of Audit (Algemene Rekenkamer) can play an important role in this process, as it has done previous in the privatization of the national museum.

b. Set final objective and targets
Set final objective and get political approval and appoint an independent (de)regulator for implementation. The independent (de)regulator will get power to abolish obsolete regulation and to take over the authority of other public participants. At the same time the regulator will have to be a trouble shooter, managing politics and parties involved. The regulator can be a public organization or a public private partnership. Currently no sound examples can be found of process supervision. Most supervisory bodies (inspections) are only partly authorized.

c. Transfer of authority
Authority for investments and responsibilities should be transferred to a new and clear administrative configuration, monitored by modern corporate governance principles, within a given timeframe. No intermediate transfers, no partial or shared responsibilities, no calls for civil disobedience and no call for civil entrepreneurship while regulators, inspectors or supervisors maintain their traditional roles and wrongly exercise their authority.

Annex: Legislation of the European Union

Although all EU countries have been transforming their legal, economic and financial Rail Infrastructure in the last decennium, the UK and the Netherlands have been the most enthusiastic countries in this respect. What did EU legislation demand exactly?

Directive 91/440

The first piece of major legislation goes back to 1991 and the adoption of a directive by the Council of Ministers (91/440/EEC). This introduced a degree of liberalization into certain areas of rail transport, above all prompting the railways to concentrate more on competitiveness. The directive requires Member States[15]:

- to manage railway undertakings in such a way that these understand the need for competitiveness and sound financial management. Member States must thus, jointly with existing public railway operators, take steps to reduce the indebtedness of railway undertakings.
- to make railway undertakings independent by giving them a budget and system of accounts which are separate from those of the State.
- on specific terms, to guarantee rights of access for rail transport operators in other Member States to international passenger, freight and combined transport (piggyback) services. The aim here is to open up the national markets in these sectors.
- to have separate accounting for railway infrastructure (track and related equipment) and the operation of transport services as such. The aim here is greater transparency in the use of public funds, but also the ability to measure the actual performance of these two branches better. It is with this requirement in mind that a number of Member States have in recent years set up bodies which manage the railway infrastructure but are separate from the railway companies, which continue to manage the carriage of passengers and freight.

Operating licenses and allocation of paths

In 1995 the Council of Ministers adopted another directive (95/18/EC), which set common criteria for the licensing of railway undertakings established in the European Union. To obtain an operating license the railway undertaking must meet a number of specific conditions (requirements in respect of good repute, financial standing and professional competence plus civil liability). The following rules were also laid down in 1995 on the allocation of railway infrastructure capacity (Directive 95/19/EC). In essence the Member States, meeting within the Council of Ministers, agreed a text stipulating who, and under what conditions, can use the rail network to move a train between two destinations at a given point in time. The professionals refer to this procedure as “path allocation”. This directive requires Member States to appoint a body to oversee the fair and non-discriminatory allocation of railway infrastructure capacity. The infrastructure may only be used by railway undertakings which hold an operating license under Directive 95/18. This body may allow priority of passage to public services (mainly unprofitable passenger services), which continue to operate under the public service obligation. The directive also lays down a number of guiding

[15] European Commission (1996)

principles for the charging of fees for infrastructure use. Thus the body responsible for managing railway infrastructure must maintain a balance between income from fees and State contributions on the one hand, and infrastructure spending on the other. Member States must also ensure that the prices charged are market prices, and must not charge fees which are unfair or discriminatory. The directive does not, however, cover railway undertakings whose activity is confined to urban, suburban and regional transport.[16]

In July 1998, the Commission put forward three new proposals aimed solely at improving the effectiveness of the existing legislation. After long discussions in the European Parliament and the Council of Ministers, a political agreement was reached in November 2000. The Directives are now better known under the name ‘Rail Infrastructure Package’, and Member States must implement the provisions of the Directives in national legislation by 15 March 2003 at the latest.

Directive 2001/12 modifies Directive 91/440 on the development of the Community’s railways. Next to international freight transport services the Directive also provides that essential functions of Railway Undertakings be separated. This means for example that the maintenance and renovation of the infrastructure, such as the tracks or the electrical installations, are put into a different business unit or even a different company than the activities for operating train services. This Directive also foresees that Railway Undertakings set up different account for passenger transport services and freight transport services.[17]

Directive 2001/13 amends directive 95/18 on licensing of railway undertakings by defining the conditions under which companies can obtain a license to run rail freight services over the TERFN. The Directive sets the framework for the financial, economic and safety conditions to which railway undertakings must comply to obtain a license. Licenses will be valid throughout the territory of the Community and a licensing authority, which will notify the Commission, will issue them. An operator does not only need a license, but it will also require the allocation of capacity, so-called time paths, to effectively run trains on the network. The allocation and charging of railway capacity or time paths is dealt with in Directive 2001/14 on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification. This Directive replaces Directive 95/19. The directive applies to the entire network and sets the framework conditions for capacity allocation and management, as well as the tariff structure for the use of the network. The directive provides that the infrastructure manager shall develop and publish a network statement, which contains information on the (technical) nature and limitations of the network, the access conditions to the network and rules on capacity allocation. The network statement also describes the tariff structure and the priority rules to be applied in case of conflicting demands. The directive also provides for network capacity analyses in order to identify bottlenecks in the network, as well as concrete plans to improve the quality and capacity of the network.[18]

The Commission services have started to prepare a new package –a requirement of the European Parliament for its approval of the Infrastructure package- which will consist

[16] European Commission (1996)
[17] European Commission (2001)
[18] European Commission (2001)

of directive on safety regulations; a regulation on the establishment of a railway agency to support technically the interoperability and safety processes described in the directives; an update of the interoperability directives and a further opening of the market for domestic freight services, including cabotage, as well as new steps to open the passenger market.

The Commission intends also to promote a good quality level of freight services and to increase the passengers' rights like it did for aviation passengers. This new package will be subject to discussions at the level of the Council and the European Parliament under the Spanish Presidency starting on 1 January 2002. However, by then, it will be clear for everybody in Europe, within the Community and in the accession countries with which it is in negotiation, how the European Commission sees the regulatory framework for the European railway area. This framework must ensure transparency of the procedures and the neutrality of the essential functions guaranteeing a fair and non-discriminatory access.[19]

[19] European Commission (2001)

Annex: Facts & Figures: Road and rail infrastructure

Road and rail infrastructure: 1988 and 1998
Thousand kilometers

	Road network						Rail network					
	All roads		Of which motorways		All roads per 1,000 square kilometers (kilometers)		In operation		of which electrified		Rail network per 1,000 square kilometers (kilometers)	
	1988	1998	1988	1998	1988	1998	1988	1998	1988	1998	1988	1998
Austria	107	133	1,4	1,6	1.276	1.590	5,7	5,6	3,3	3,4	68	67
Belgium	129	146	1,6	1,7	4.228	4.780	3,6	3,4	2,3	2,5	118	112
Denmark	71	71	0,8	0,8	1.649	1.659	2,5	2,2	0,2	0,6	58	52
Finland	77	78	0,2	0,5	228	230	5,9	5,9	1,6	2,1	17	17
France	805	974[1]	5,3	9,3	1.480	1.790	34,6	31,7	12,0	14,3	64	58
Germany	544	656	8,6	11,4	1.524	1.838	44,6	38,1	12,1	18,3	125	107
Greece	116	114[2]	0,1	0,5	879	866	2,5	2,5	-	-	19	19
Irish Republic	92	92[2]	-	0,1	1.309	1.302	1,9	1,9	..	..	27	27
Italy	303	307[2]	6,1	6,5	1.006	1.018	16,1	16,0	10,6	10,4	53	53
Luxembourg	5	5	0,1	0,1	1.933	1.998	0,3	0,3	0,2	0,3	116	106
Netherlands	101	126	2,1	2,4	2.434	3.026	2,8	2,8	2,0	2,1	67	68
Portugal	53	118[2]	0,2	1,3	577	1.288	3,6	2,8	0,5	0,8	39	30
Spain	155	163[1]	2,3	8,3	306	322	14,3	12,3	6,8	6,9	28	24
Sweden	214	211[3]	1,5	1,4	476	469	11,6	11,2	7,5	7,6	26	25
Norway	88	91	0,4	0,1	271	280	4,2	4,0[2]	2,4	2,5[2]	13	12
Switzerland	71	71	1,5	1,6	1.720	1.721	5,1	..	5,1	..	124	..
Japan	1.104	1.152[1]	4,3	6,1[1]	2.922	3.050	..	..	..	..	..	..
United Kingdom	378	393	3,1	3,4	1.549	1.610	16,9	17,0	..	..	69	70
USA	6.233	6.370[1]	83,2	89,2[1]	666	680	205,3	..	1,7	..	22	..

1 1996 data.
2 1997 data.
3 Change in methodology.
Source - EU countries: *EU Transport in Figures* (EUROSTAT); Other Countries: IRF.

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Founding fathers

Public SPACE is the knowledge and research center of Boer & Croon Strategy and Management Group, a leading consultancy and interim management firm based in the Netherlands. Public SPACE focuses on complex and innovative strategic interaction between government, civil organizations and private corporations for public purposes. Its mission is to design and implement innovative and sustainable strategies for the production of public services and public goods. Public SPACE investigates the modern dynamics of public and private domains and develops constructive partnerships between public and private parties.

The Netherlands School of Public Administration (NSPA) develops and provides vocational programs at postgraduate level, specifically geared to the public sector. Its founding was prompted by the observation that there were no postgraduate courses which did full justice to the goals and culture of the public sector. After all, the forces operating in the arena of public sector management differ fundamentally from those in a market organization.

De Baak is the Management Center of the VNO-NCW, the association of the largest employers' organizations in The Netherlands. If doing the right things is what it's all about, then the choices made by the company and the entrepreneur provide the context. You will find that attention is given to strategy and to charting one's own particular course in all of our activities: training courses, individual counseling, introductory meetings, activities of de Baak Circle, and the literature service.