

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-564/81

Report

drawn up on behalf of the Committee on Transport

on the proposals from the Commission of the European Communities to the Council (Doc. 1-892/80) for

- I. a Regulation setting the time limit and conditions for the achievement of financial balance by railway undertakings**
- II. a Decision amending the Decision 75/327/EEC on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States**

Rapporteur: Mr C. RIPA DI MEANA

By letter of 9 February 1981 the Council requested the European Parliament to deliver an opinion on the proposals from the Commission of the European Communities to the Council for a regulation setting the time limit and conditions for the achievement of financial balance by railway undertakings, and for a decision amending the Decision 75/327/EEC on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States.

The President of the European Parliament referred these proposals to the Committee on Transport.

On 22 February 1981 the Committee appointed Mr RIPA di MEANA rapporteur.

It considered the draft report at its meetings of 26 June and 1 October 1981 and at the latter meeting unanimously adopted the motion for a resolution and explanatory statement.

Present: Mr Seefeld, chairman; Dame Shelagh Roberts and Mr Carossino, vice-chairmen; Mr Ripa di Meana, rapporteur; Mr Albers, Mr Baudis, Mr Buttafuoco, Mr Cottrell, Mr K. Fuchs (deputizing for Mr Hoffmann), Lord Harmar-Nicholls, Mr Klinkenborg, Mr Moreland, Mr Travaglini, and Mr Veronesi (deputizing for Mr Cardia).

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The Committee on Transport hereby submits to the European Parliament the following amendment and Motion for a Resolution together with explanatory statement:

AMENDMENT

Commission proposal

for a Council regulation setting the time-limit and conditions for the achievement of financial balance by railway undertakings.¹

Article 2: Replace the words 'covered by its revenue each year' and 'covered by its revenue taking one year with another'.

¹ C 37, 20.2.1981, p.7

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for:

- I. a Regulation setting the time limit and conditions for the achievement of financial balance by railway undertakings
- II. a Decision amending the Decision 75/372/EEC on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council pursuant to Article 75 of the EEC Treaty (Doc. 1-892/80),
 - having regard to Article 15(1) of the Council Decision of 20 May 1975 on the improvement of the situation of railway undertakings and the harmonisation of rules governing financial relations between such undertakings and States²,
 - having regard to its resolution of 11 July 1980, in particular paragraph 8 thereof,³
 - having regard to the report of the Committee on Transport (doc.1-564/81),
1. Welcomes the Commission proposals inasmuch as they are designed to further the fundamental Community objectives of a soundly based railway system and closer cooperation between national railway undertakings;
 2. Stresses that the achievement of financial balance by railway undertakings is also bound up with the harmonization of conditions of competition vis-à-vis other modes, and that the target date of January 1990 for achieving financial balance is also dependent on early action having been taken to harmonize competitive conditions;
 3. Believes that, with regard to the granting of aid for rail infrastructure, due account should be taken of the net social benefits of the railways;

¹ OJ No.C 37, 20.2.1981, p.7 and 10

² OJ No. L 152, 12.6.1975, p.3

³ OJ No. C 197, 4.8.1980, p.73

4. Stresses that greater comparability of profit and loss accounts, while recognised as vital, should not be progressed so far in advance of the normalisation of national accounting systems that any railway administration is placed under the obligation of producing two separate sets of accounts, thus increasing its costs and disadvantaging it still further vis-à-vis competitive transport modes.
5. Calls upon the Commission to amend its definition of financial balance so that the expenses of a railway undertaking are required to be covered "Taking one year with another" instead of "each year" in order to allow for the normal fluctuations of trade in a constantly changing market subject to different economic factors;
6. Emphasises the need for the Commission to dispose of sufficient staff resources if it is effectively to 'advise the Member States on the means of achieving financial balance'¹;
7. Calls upon the Commission to adopt the foregoing amendment pursuant to Article 149, second paragraph, of the EEC Treaty;
8. Approves the Commission proposals subject to the above conditions.

¹ COM(80) 906 final, Explanatory memorandum para. 13(b)

EXPLANATORY STATEMENTI Background

1. The submission of these two propositions corresponds to the wish expressed in the NYBORG report (Doc. 142/78) on the Commission proposal for a regulation amending Regulation (EEC) No. 1192/69 on common rules for the normalization of the accounts of railway undertakings.

Paragraph 3 of the resolution contained in this report 'requests the Commission to draw up further proposals aimed at placing the finances of railway undertakings on a sounder footing and at bringing about closer cooperation between national railway companies'.

2. Furthermore, the proposals also correspond to the wish reflected in the COTTRELL report on the integration of railway undertakings at Community level (Doc. 1-267/80), which points out (Part VI, paragraph 6) that, under the terms of Article 15(1) of the Council Decision of 20 May 1975, 'before 1 January 1980, the Commission shall submit to the Council proposals for achieving the financial balance of the railway undertakings'.

3. It is thus clear from the above that, even if the Commission has encountered some difficulty in meeting the deadline originally fixed, these two proposals, the legal basis for which is provided by the Council Decision of 20 May 1975, are designed to fulfil a long-standing Community objective in the railway sector. Indeed, the recent Commission communication entitled 'Community railway policy: review and outlook for the 1980's' lays down two basic objectives for Community railway policy:

- (i) elimination of distortions in the inland transport market, and
- (ii) improvement of the railway service performance and financial situation.

II Proposal for a regulation setting the time limit and conditions for the achievement of financial balance by railway undertakings

4. Following consultations with government and rail experts and the trade unions, the Commission has drawn up a multi-stage programme for the achievement of financial balance. With a view to implementing this programme, the Commission is now proposing a regulation fixing a suitable time-limit and conditions.

5. Your rapporteur shares the Commission's view that this proposal ought to help the railways to regain their financial balance, and thus improve their competitiveness on the market. However, he stresses in this connection the need to ensure the harmonization of conditions of competition vis-à-vis other modes.

6. On a more specific point, your rapporteur fully endorses the view that progress is needed towards greater comparability of profit and loss accounts, and trusts that the Advisory Committee set up under Council Regulation (EEC) No. 2830/77 will work rapidly towards this end.

7. With regard to the granting of infrastructure aid to railways as referred to in paragraph 8 of the Commission's explanatory memorandum, due account should be taken of the social benefits of the railways when fixing the volume of such aid.

8. The Commission takes the view that the Member States should be able to implement the first part of this Regulation by 31 December 1982, and the proposal provides that all the railways should achieve financial balance by 1 January 1990 at the latest. The Commission nevertheless recognizes that after this date States will necessarily continue to retain a degree of freedom in their rail investment policy.

III Proposal for amending the Decision 75/327/EEC on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States

9. The text of the 1975 Decision makes it clear that the railways' business and financial programmes are regarded as an essential means of enabling the railways to plan the measures designed to achieve financial balance.

It is therefore proposed that:

- (i) the programmes be multiannual,
- (ii) the Commission should be informed of these programmes before they are adopted in order to advise the Member States on the means of achieving financial balance, and
- (iii) guidelines should be set out for drawing up business and financial programmes (see proposed Annex to the Decision).

10. Your rapporteur supports these proposed measures, and the proposal that the application of this Regulation should be covered in the two-yearly report on the operation of the 1975 Decision. He would stress, however, the need for the Commission to dispose of sufficient staff resources if it is effectively to advise the Member States on the means of achieving financial balance, pursuant to Article 2 of the proposed decision amending Decision 75/327/EEC.

IV CONCLUSION

11. Subject to the above considerations and the following amendment the Committee on Transport approves the two Commission proposals, in the general interest of Community railway policy and, in particular, with a view to improving the financial situation of the national railway undertakings.

12. The Committee nonetheless urges the Commission to amend Article 2 of the first proposed regulation by replacing the final phrase with 'covered by its revenue taking one year with another'.