

Railway Reform: Toolkit for Improving Rail Sector Performance



UNECE Working Party on Rail Transport
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Martha Lawrence, World Bank

Why railways? Why reform?

- Role of transport in economic development
- Why railways?
 - Cost
 - Environment
 - Land use
- Why reform
 - Market effective
 - Cost efficient
 - Financially sustainable

The Challenge



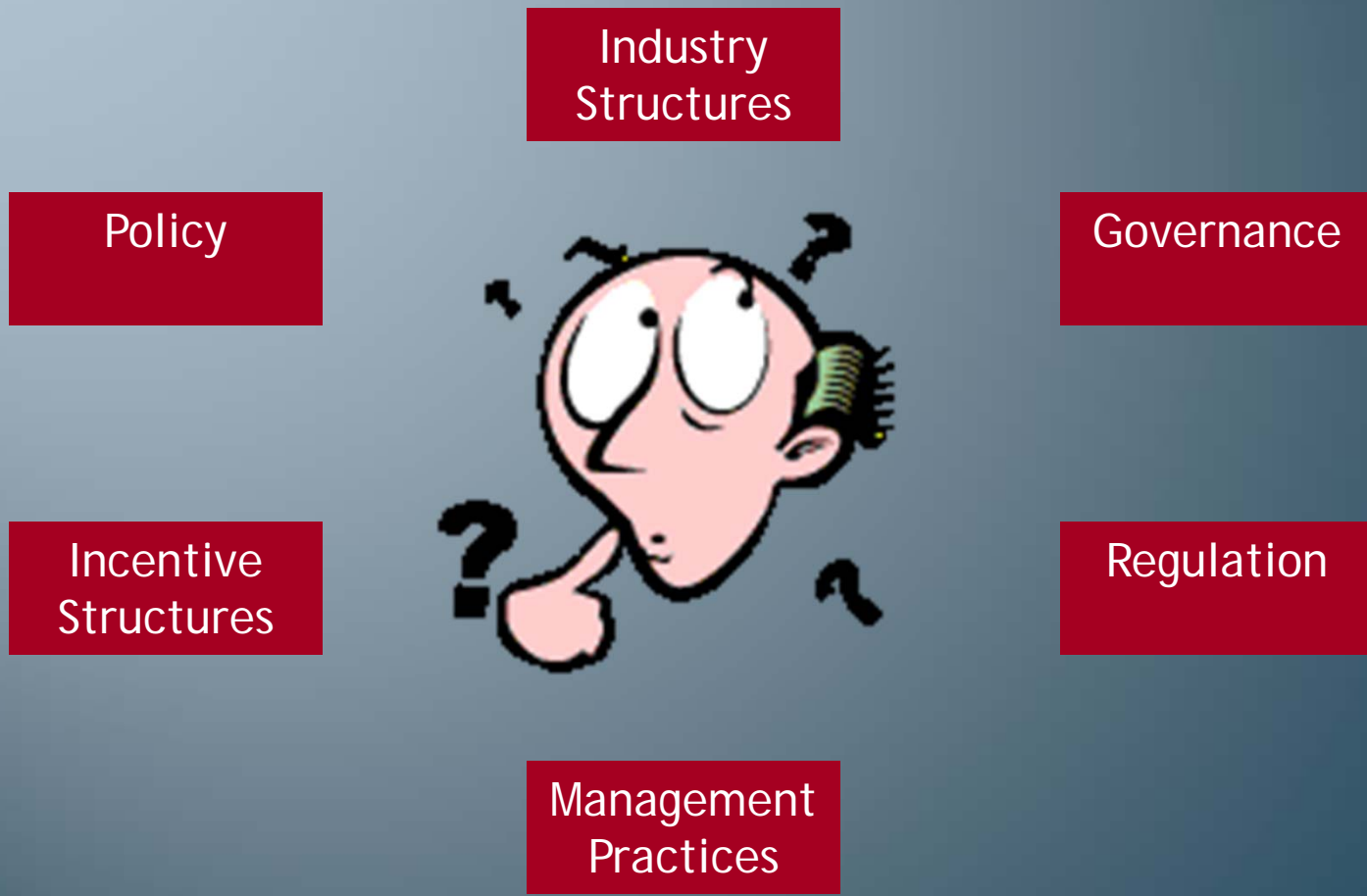
Commercial Management



Incentives



Reform choices



Industry Structures

Policy

Governance

Incentive Structures

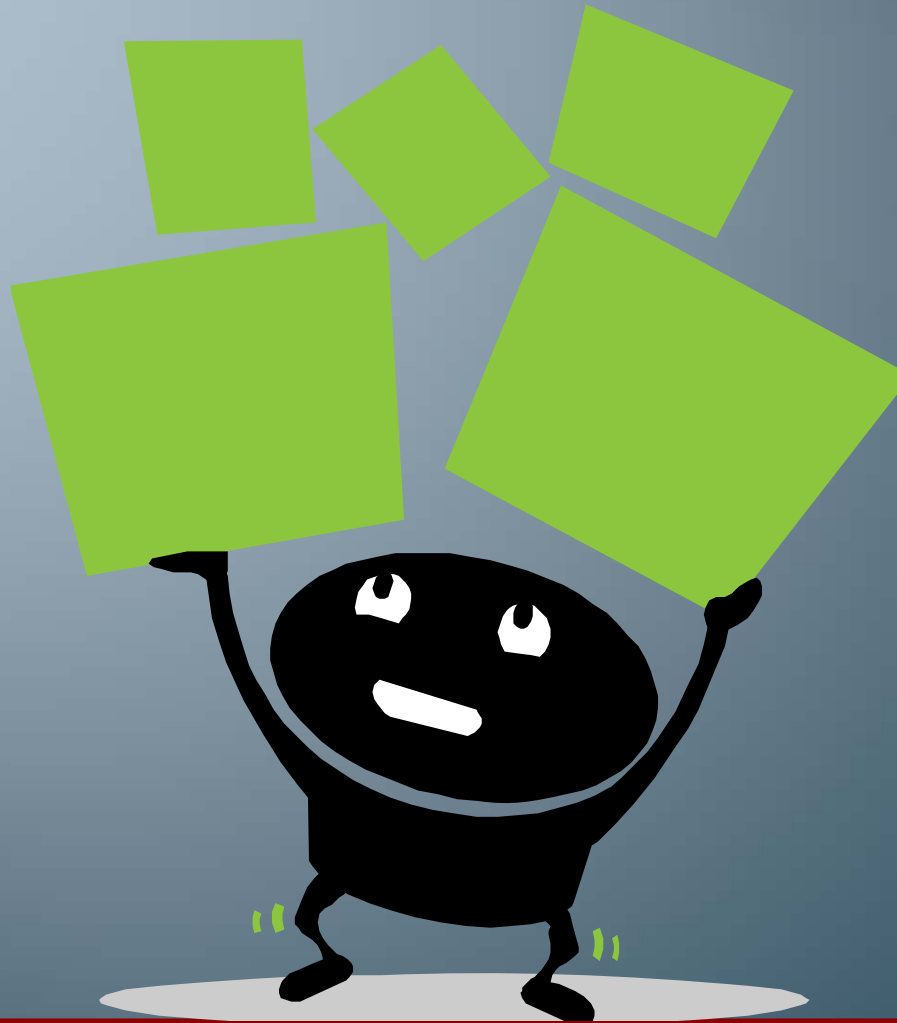
Regulation

Management Practices

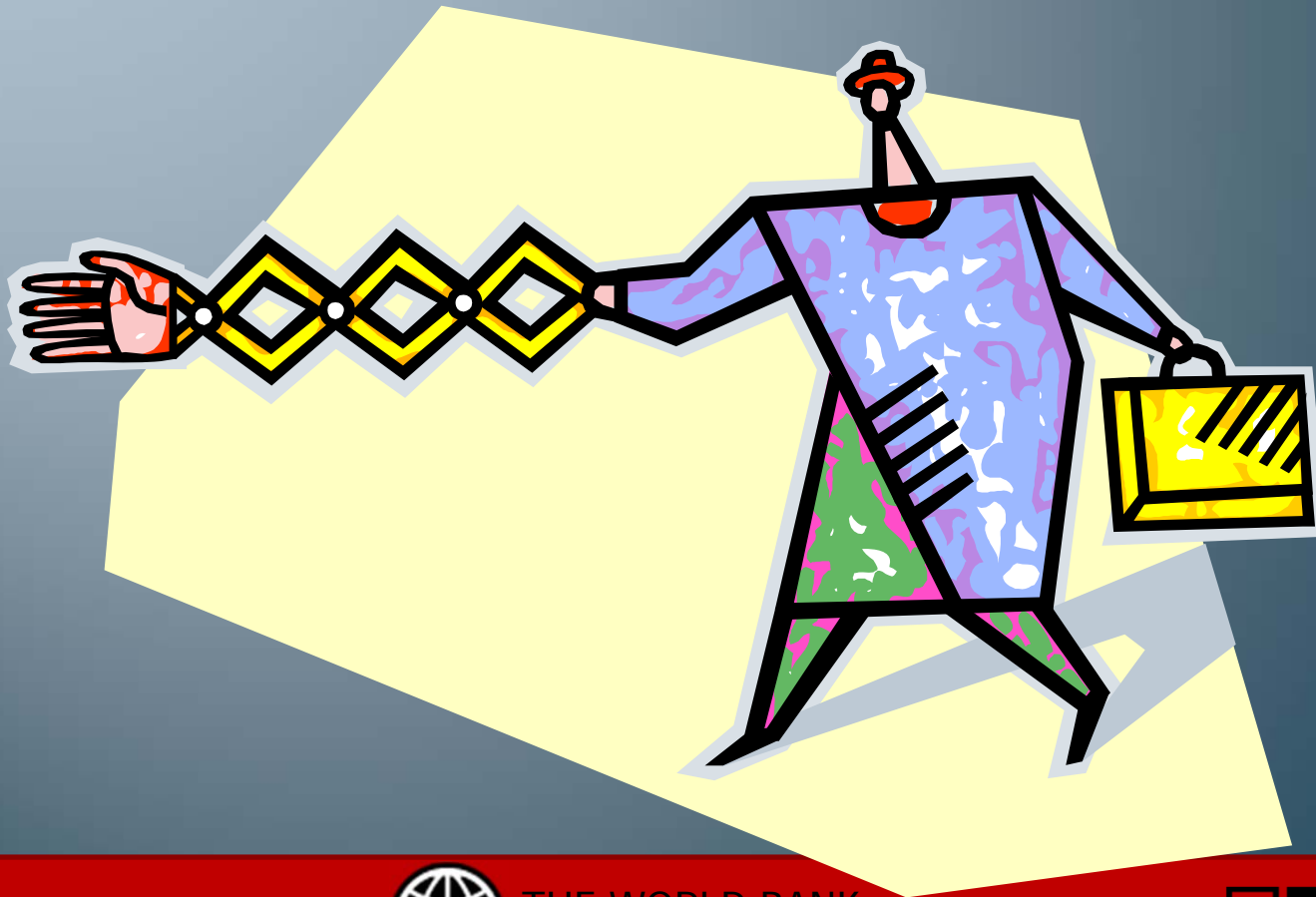
Can the market support more competition?



Would reorganizing units help?



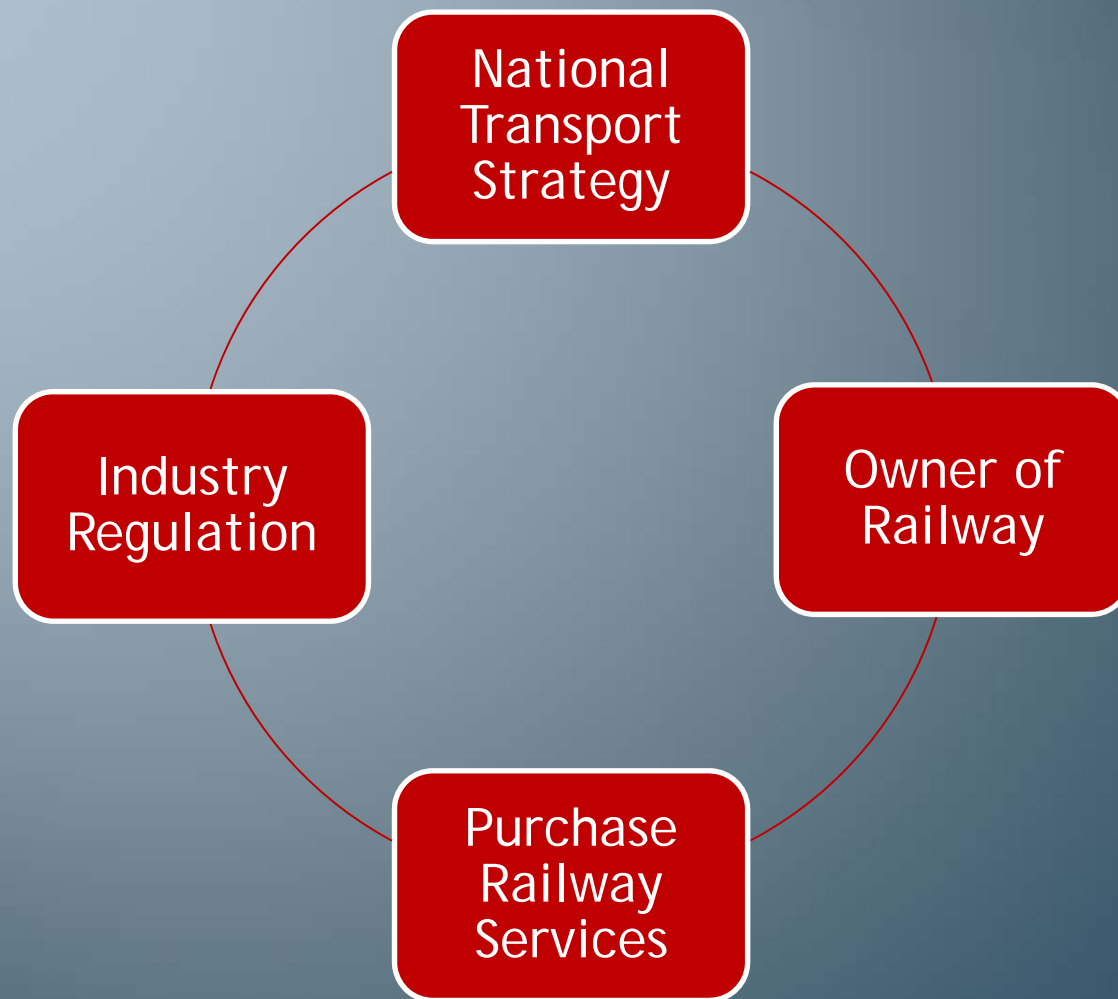
Can government have a more “arms length” relationship with the railway?



Private sector participation?



Sector Governance



Public Services



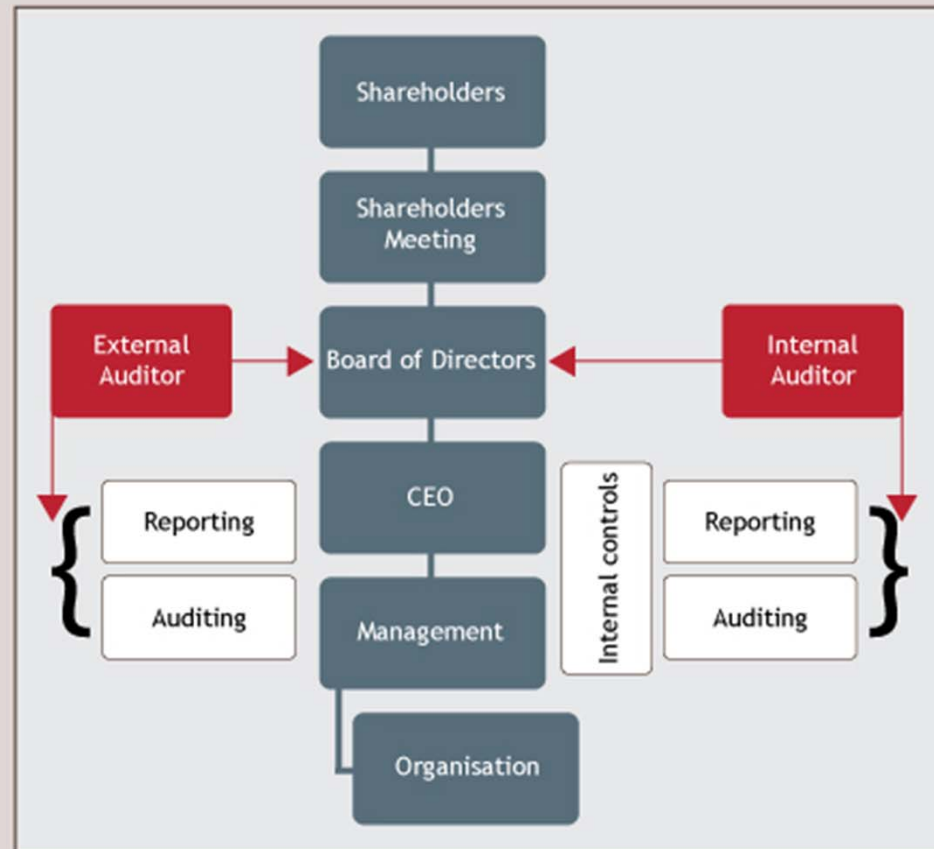
Regulation



- Safety regulators should establish safety *standards* and railway companies should establish *systems for implementing* the standards
- ▣ Market is best economic regulator

Corporate governance

Figure 10.1 Enterprise Governance Structure



Corporate governance



Railway Reform Toolkit: What is it? Who should use it?



Railway basics: Markets



Tram



Light Rail



High Speed Rail

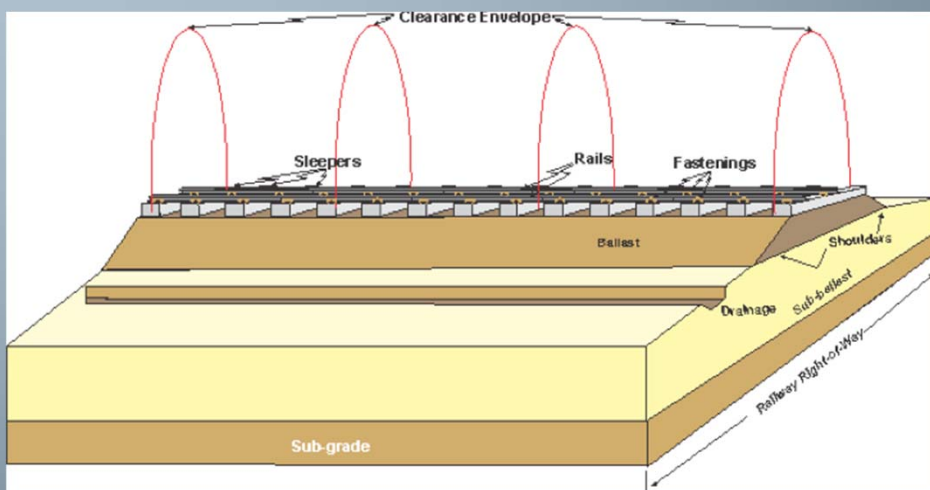


Mixed Freight Train



Double-stack Container Train

Railway basics: Technology



Railway Infrastructure



EMU in Queensland



DMU in the Netherlands



Train Control Center




Russian Oil Tank Wagon

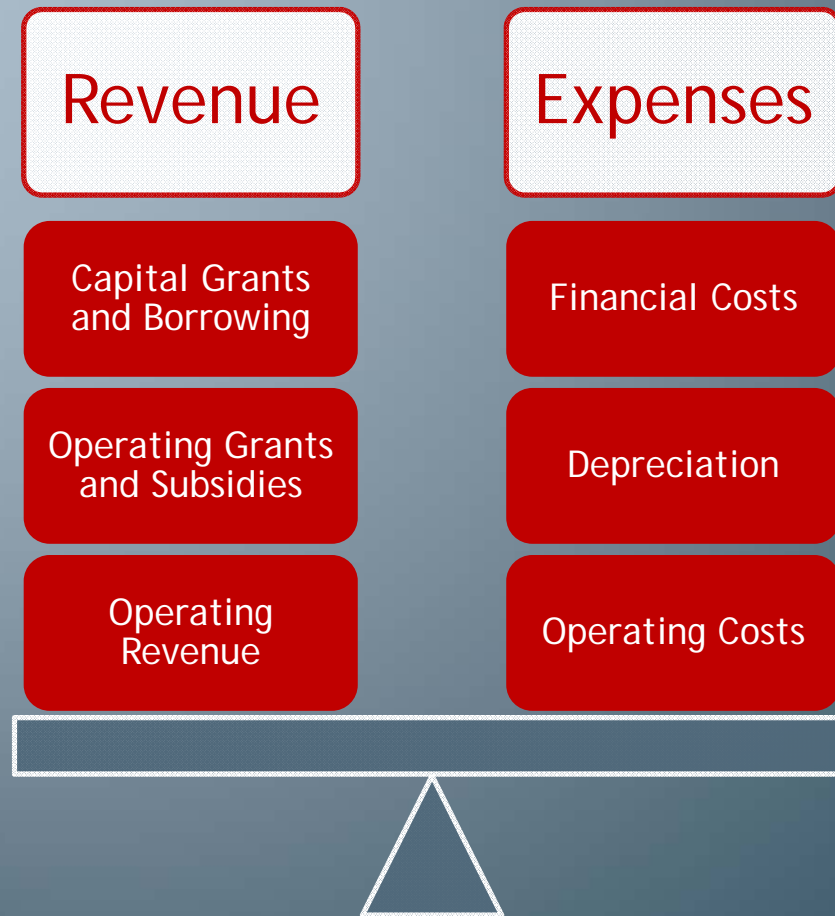


Rotary Dumper for Gondola cars

Railway economics

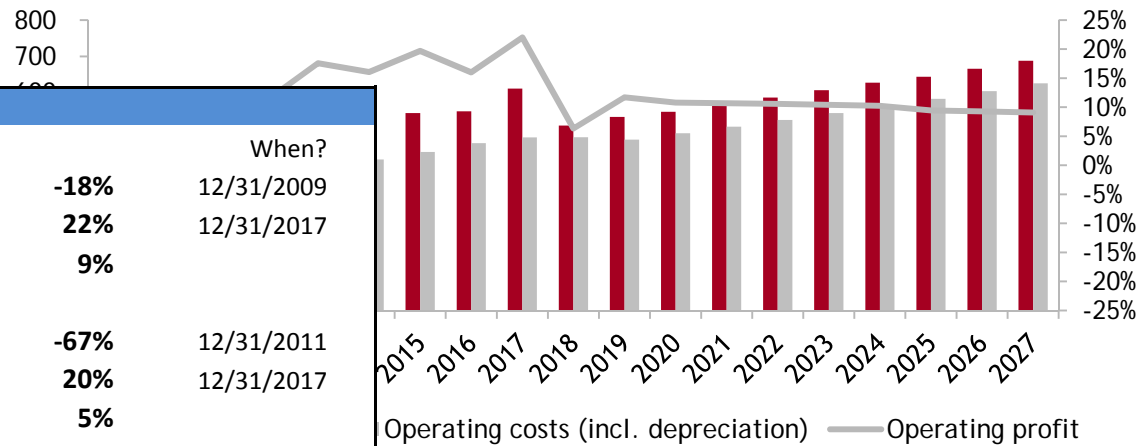
- Fundamentals of railway cost structure & how structure drive market power
- Pricing of passenger and freight services, infrastructure
- More 

Railway financial sustainability



Financial model

Operating profit

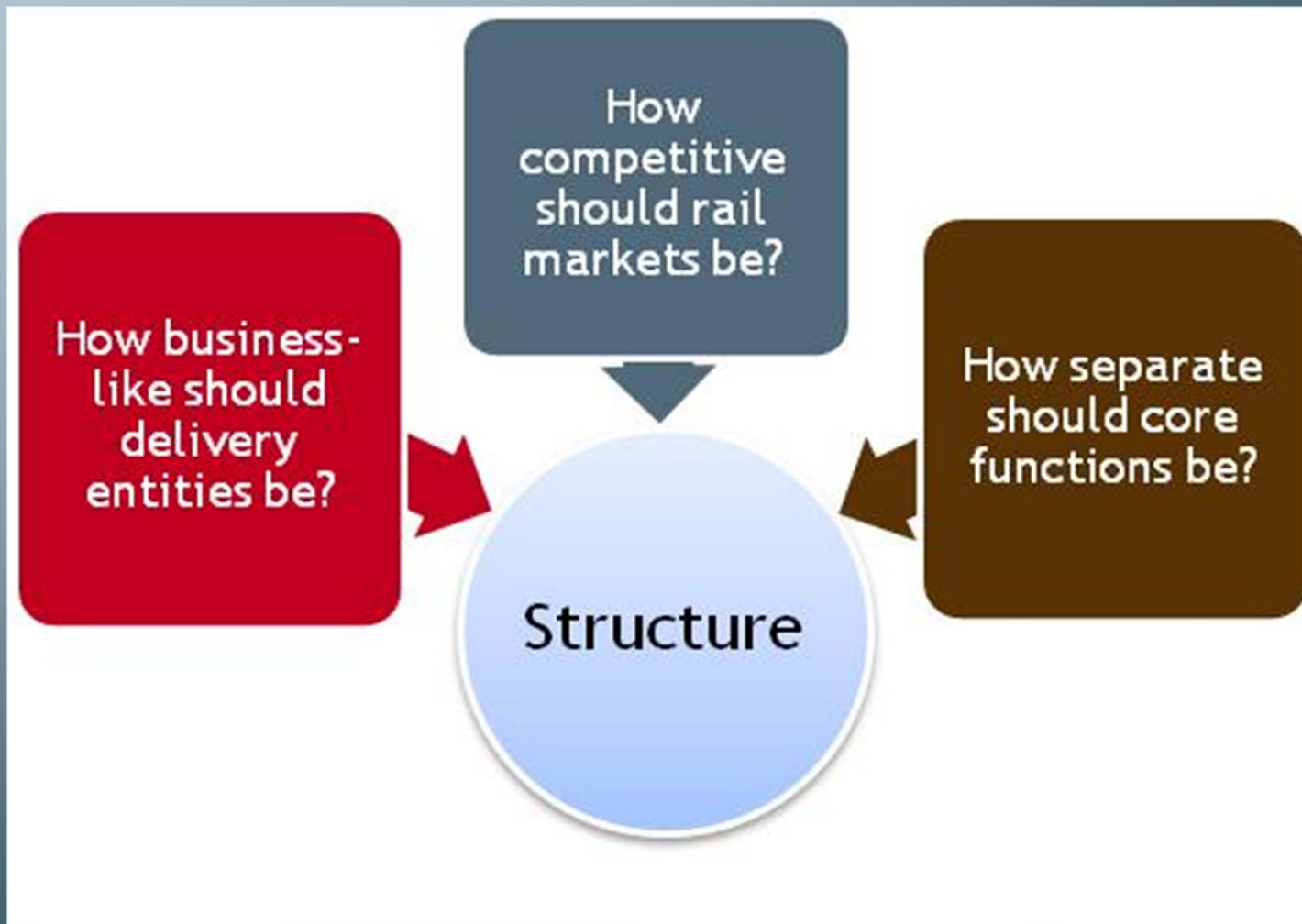


FINANCIAL RESULTS			
			When?
Operating profit margin	minimum	-18%	12/31/2009
	maximum	22%	12/31/2017
	average	9%	
Net profit margin	minimum	-67%	12/31/2011
	maximum	20%	12/31/2017
	average	5%	
DSCR	minimum	0.0	12/31/2011
	maximum	1979626.2	12/31/2024
	average	904263.3	
Working ratio	minimum	66%	12/31/2017
	maximum	97%	12/31/2009
	average	78%	
Current ratio	minimum	0.5	12/31/2010
	maximum	2.5	12/31/2026
	average	1.8	

More

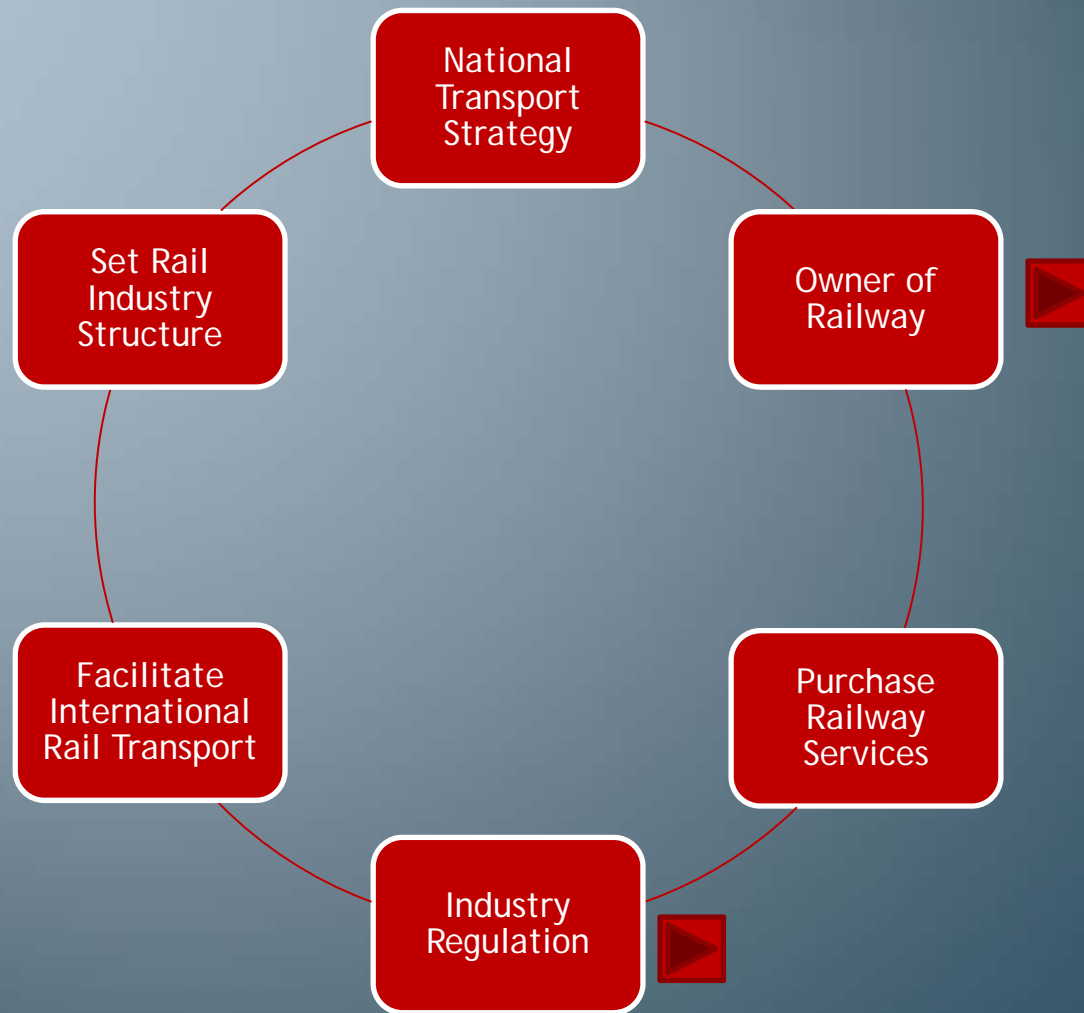


Reforms to industry structure

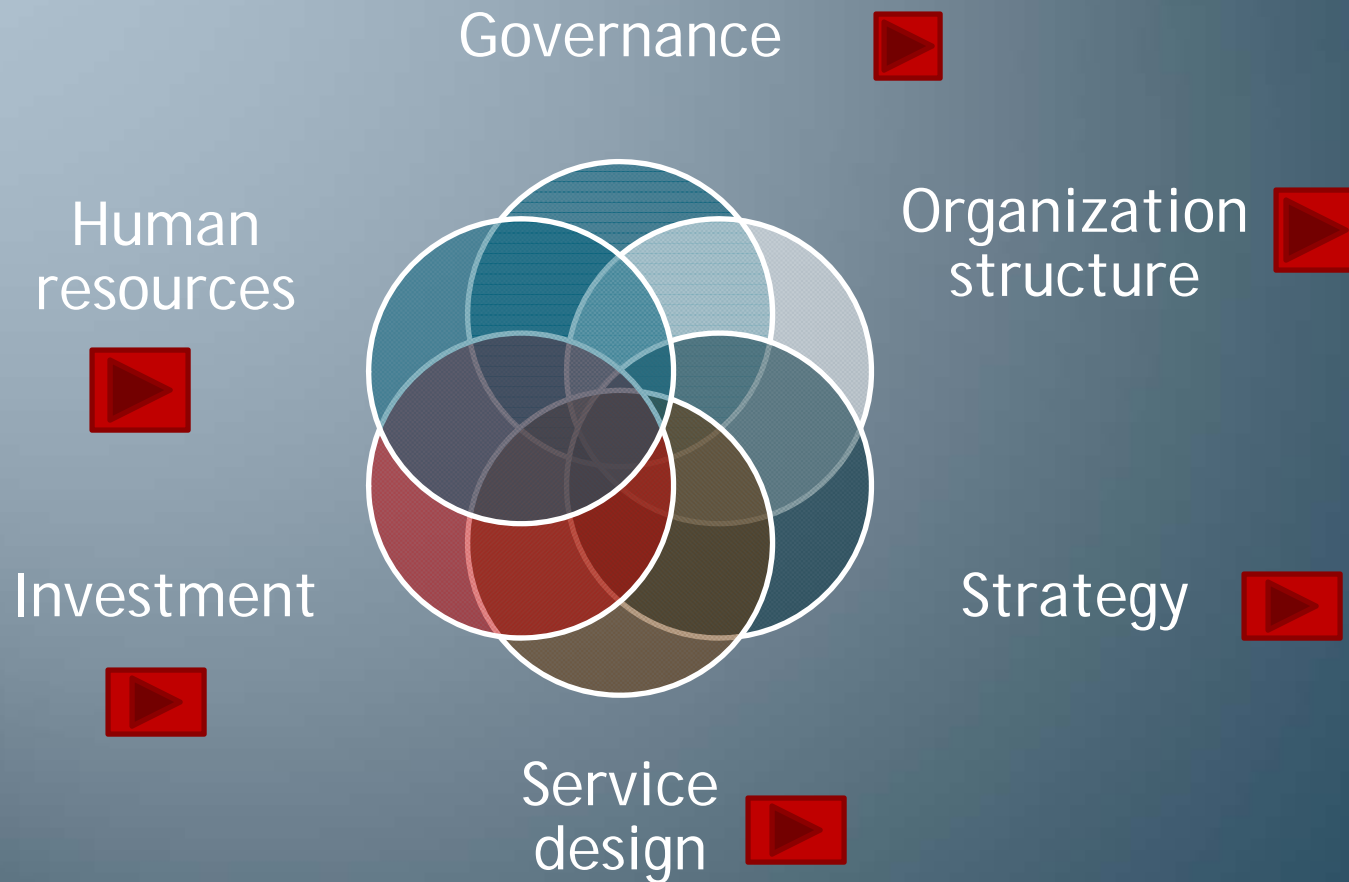


More 

Roles of government



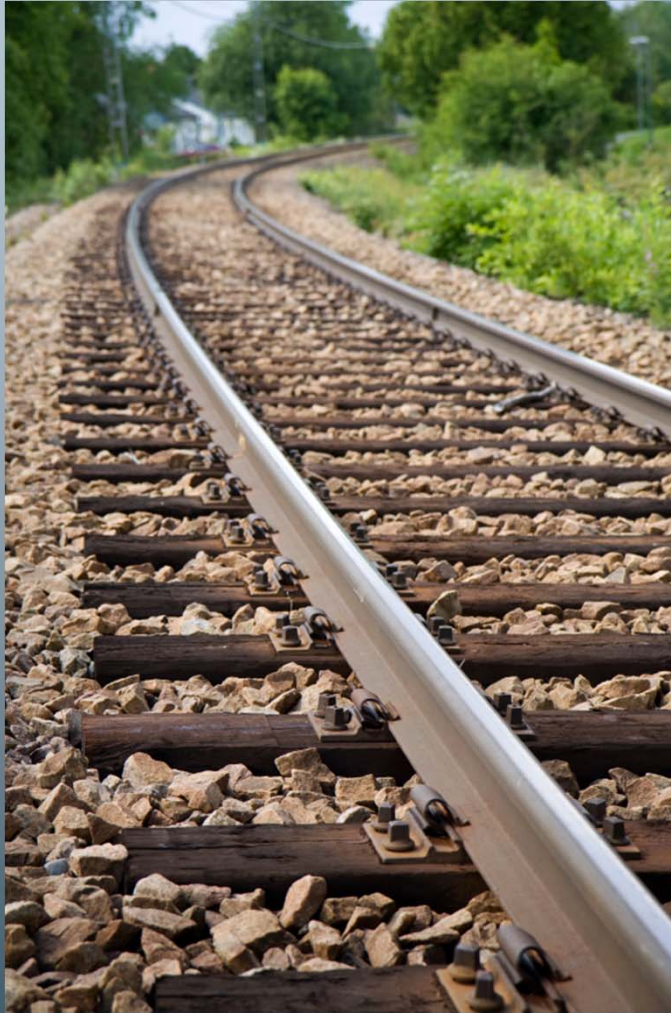
Commercial management



Private sector participation



Case studies



Where do I find it?

<http://www.ppiaf.org/railtoolkit>

Thank you for your attention!

Questions?



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