Is a transport infrastructure fund the way forward when transport policy favours railways? The case of Switzerland
Modal split in passenger transport

- **79.6%** Private motor vehicles
- **20.4%** Public transport

Passenger kilometres 2010 (Source FSO)
Modal split in freight transport

Transalpine

- In tonnes/2011 (Source: FOT)
  - 64%
  - 36%

Total

- In tonne-kilometres/2010 (Source: FSO)
  - 38%
  - 62%

Strasse

Schiene
Total investment in road and rail (in CHF bn)

Source: LITRA traffic figures 2012
Transport is also a major expense in the federal budget

Agriculture and food 6.2%
National defence 7.4%
Other 9.7%
Education and research 10.2%
Transport 13.9%
International relations 4.4%
Social welfare 31.1%
Finances and taxes 17.0%

Source: FFA/Ordinary expenditure 2010
Federal expenditure on road and public transport

Expenditure in CHF bn

*from 2008 NFA and incl. agglomeration transport

Politically desired cross-financing from road to rail

- Total of around CHF 1.7bn per year, incl.:
  - ~1bn from HVC to FinöV fund
  - ~350m from mineral oil tax to FinöV fund
  - ~220m from special financing, road transport to combined transport
How rail infrastructure, passenger and freight transport are financed

External financing:
- Infrastructure Fund 2%
- FinöV Fund 10%
- Confederation 19%
- Other (cantons, communes) 19%

Self-financing:
- Ticket revenue etc. 50%

Source: LITRA/figures for 2009
Role of federal government and cantons in rail financing

Federal government:
• SBB infrastructure (SLA)
• Large-scale projects (FinöV)
• Agglomeration projects (IF)
• Regional transport (half)
• Freight transport

Cantons:
• Private rail infrastructure (future public spaces)
• Regional transport (half)
• Local transport
Rail infrastructure: regular and special financing

- Regular financing (via service level agreements): operation and maintenance of existing infrastructure and small extensions

- Special financing (FinöV fund): large-scale projects NRLA, Rail 2000/ZEB, noise abatement, high-speed connections
2012 European Railway Performance Index (Boston Consulting Group)

- “We found that performance does correlate with public cost, but does not correlate with either the degree of market liberalization or the governance model.”
- “Switzerland, Sweden, Germany, and France get better value in return for their public investments in their railway systems than other European countries.”
- “Among the five Tier 1 countries, Switzerland, France, Germany, and Sweden outperform relative to the average ratio of performance to cost for all countries - that is, they achieve high performance at a lower cost per capita (...). Switzerland is notable for its very high public cost per capita, but has achieved the highest overall performance due to its intensity of use.”
The 2012 European Railway Performance Index

Source: Boston Consulting Group
New financing system

Today

3.2 bn
General budget
Rail infrastructure; Regional passenger and freight transport

1.6 bn
FinöV Fund
Large-scale projects

320 mn
Infrastructure Fund
Public transport projects in conurbations

In future

≈4.6 bn
Rail Infrastructure Fund
Operation, maintenance of substance and extension of rail infrastructure

≈1 bn
General budget
Regional passenger and freight transport

??
Infrastructure Fund

Source: FOT/figures in CHF for 2010
FERI: Financing via permanent fund

Deposits
prev. FinöV fund
- HVC, mineral oil tax and VAT

RIF receipts = expenses

Withdrawals
- Extensions / upgrades
- Interest payments
- Repayment of advances
- Operation and infrastructure maintenance

New sources
- Cantons
- Train path prices
- Travel costs
- Federal tax

General federal funding

Cantons
Federal Office of Transport  Peter König
25 February 2013
Simulation of 6.4bn RIF variant with additional, limited VAT