

# Current arrangements and implementation of the reform

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# Current passenger rail transport arrangements in Finland

- Competent authorities – the Ministry of Transport and Communications and HSL – have concluded agreements with VR which guarantee VR the following exclusive rights:
  - **Agreement between HSL and VR** guarantee exclusive right for VR until June 2021 (commuter rail services in the Helsinki region)
  - **Agreement between the Ministry of Transport and Communications and VR** would guarantee VR an exclusive right to provide all other passenger transport services in the current rail network until the end of 2024 (all other areas in Finland)



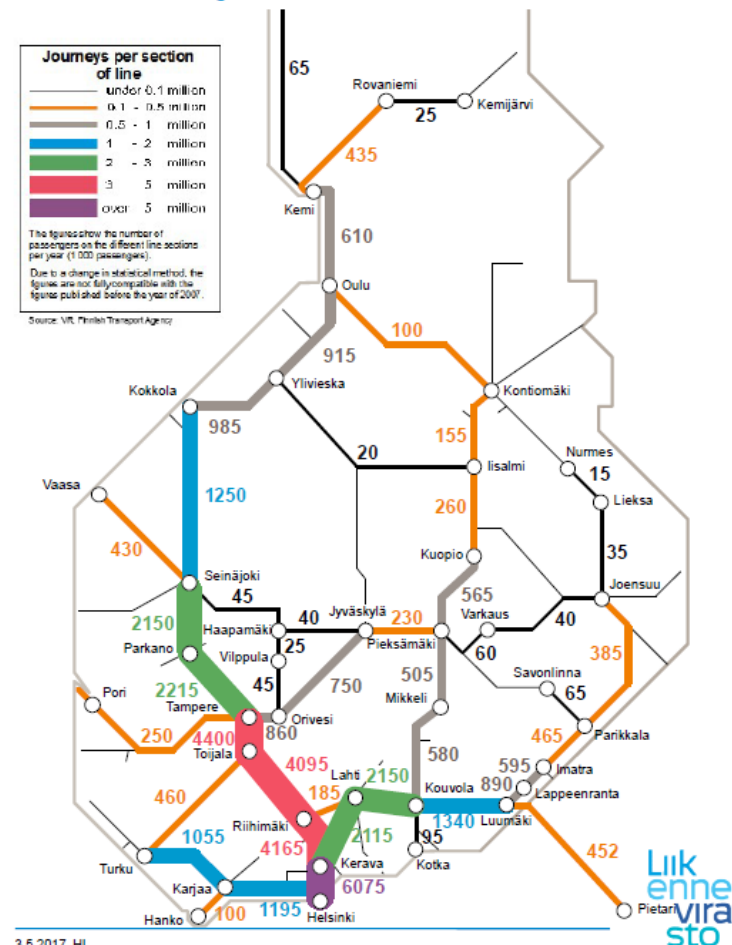
Photo: Rodeo/Juha Tuomi

# Passenger transport in the rail network

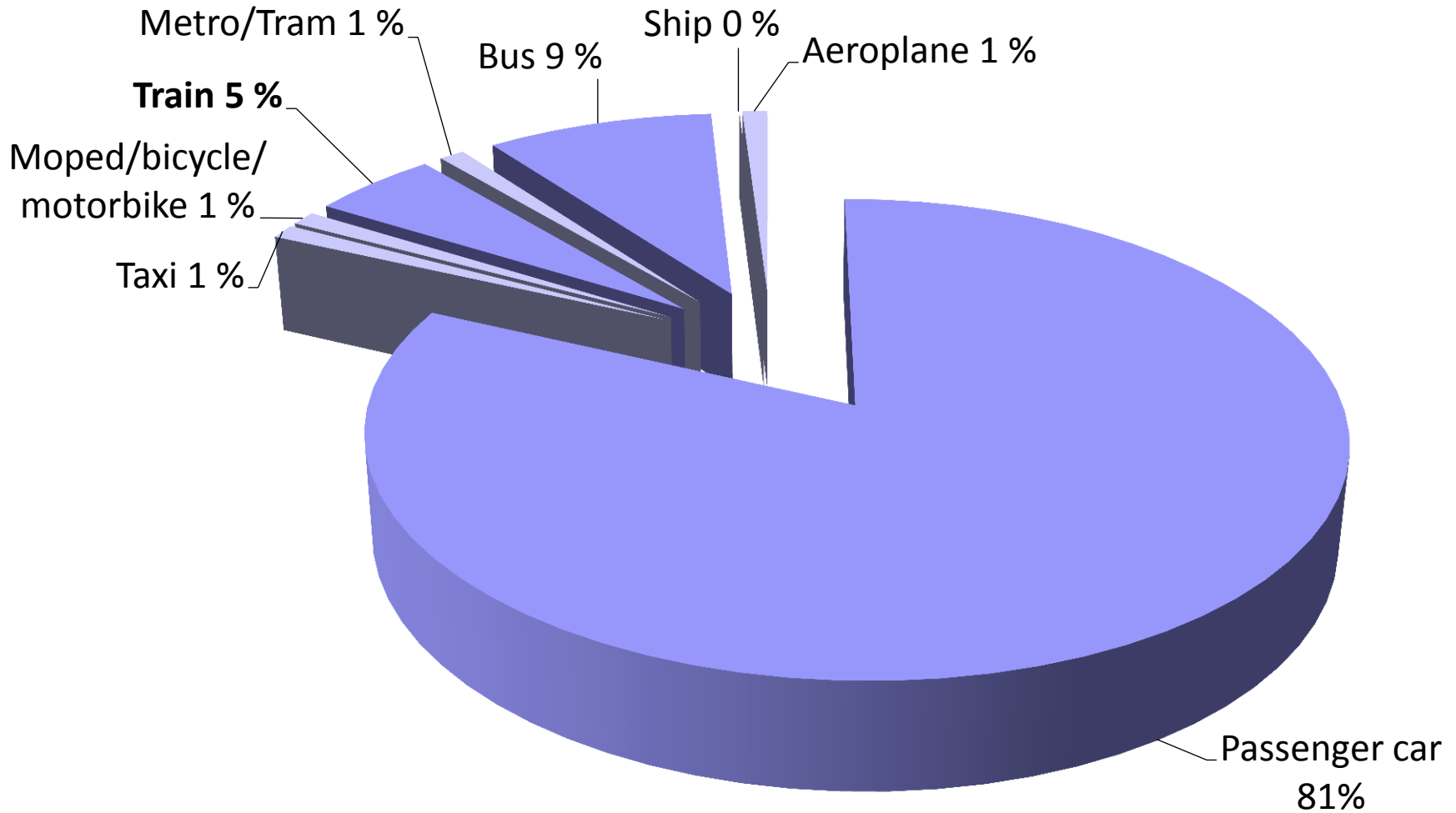
- **Helsinki area commuter and regional rail services: 70 million journeys (1.1 billion passenger-kilometres)**
- **Long-distance passenger rail transport: 12 million journeys (2.8 billion passenger-kilometres)**

## Passenger journeys on rail network in Finland in 2016

Long-distance traffic 12,047 million



# Division of passenger transport in Finland



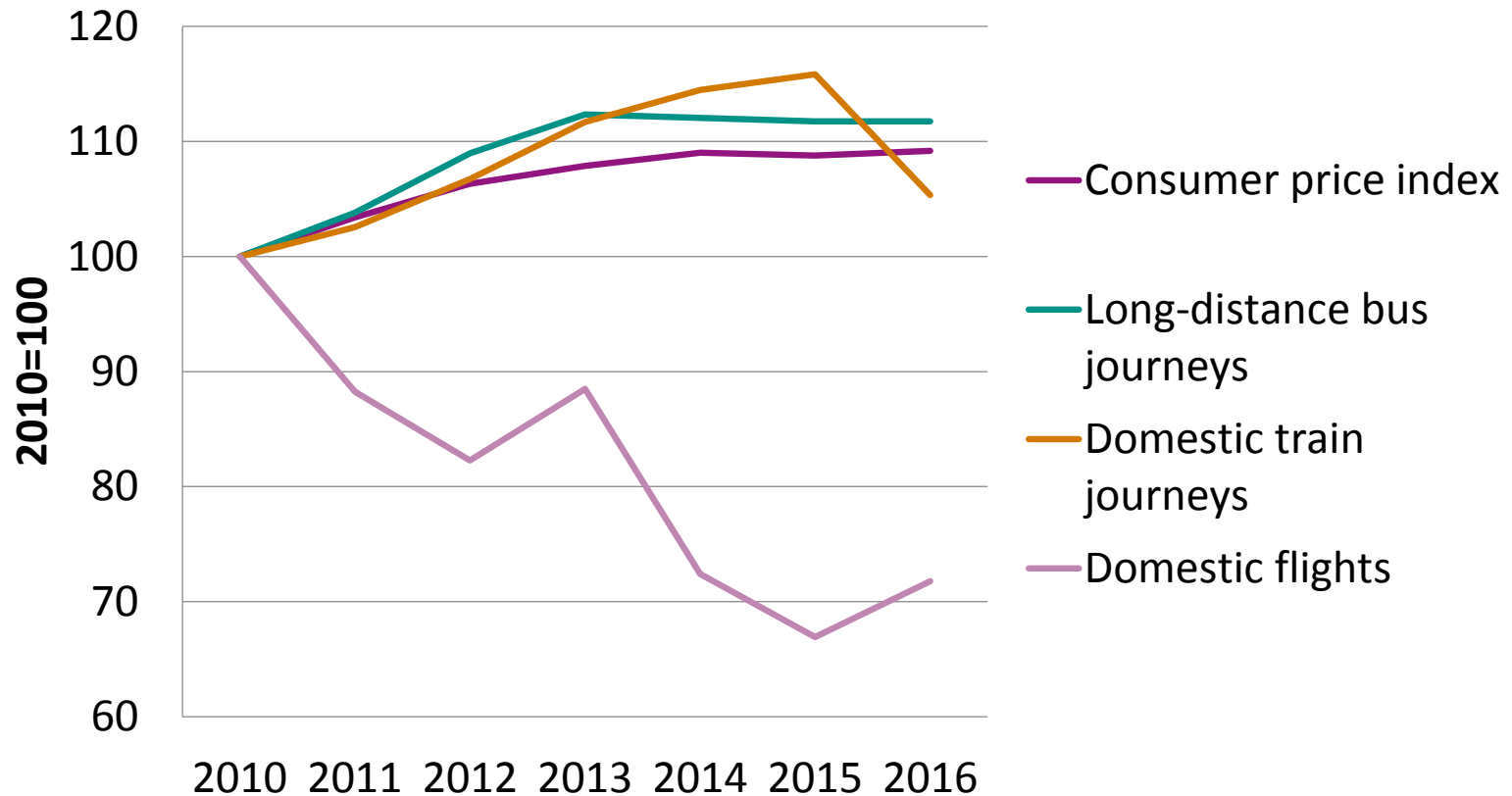
# Rail transport trends

## Trends of rail transport in Finland 2005-2016



# Consumer price trend

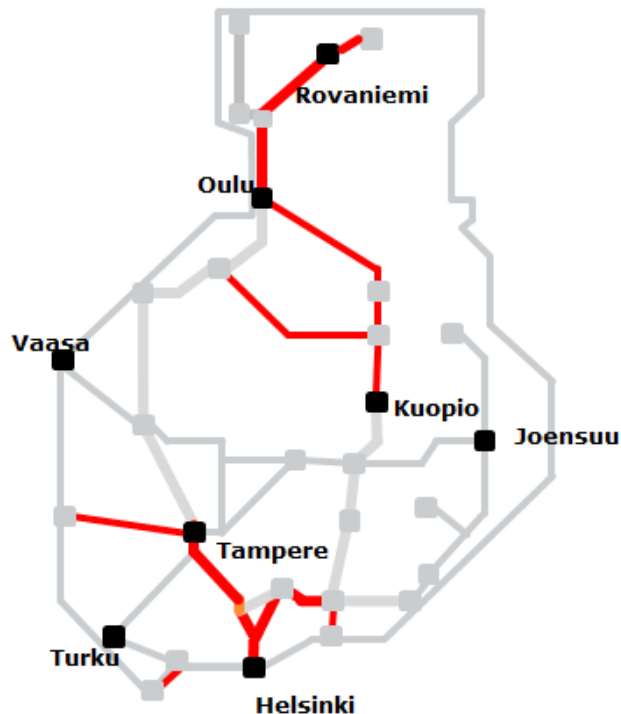
## Consumer price trend in 2010-2016



# Contractual rail transport services 2017

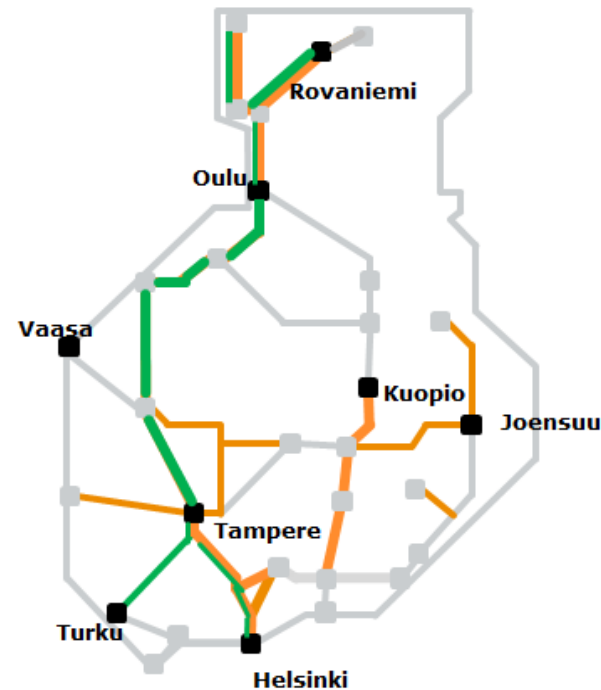
## Purchased services

- state support: EUR 30.2 million a year
- Government's proposal for 2018: an additional 2 million euros



## Rail transport services under public service obligation

- no state support, obligation to provide services in return to the exclusive right to provide rail transport services (max. EUR 20 million a year).
- green: overnight train service





# Competitive tendering of rail transport

- According to Government's decision a model based on concessions is considered best suited to the Finnish context
  - The rail network will be divided into 5 sections and service packages; each with its own concession contracts
  - The concession contracts will include public service obligations
  - The call for tenders will be prepared on open and transparent criteria
- Passenger rail transport services will be opened up to competition in stages
  - The opening to competition will start with regional rail services in Southern Finland
  - All contracts concluded and the ensuing transport systems operational in 2026
- In the planning of the tendering model and related schedule, attention has been given to the ongoing competitive tendering of the HRT commuter services
- Railway safety will be ensured in the new environment involving multiple operators
- The exclusive right agreement between the Ministry of Transport and Communications and VR will be renegotiated

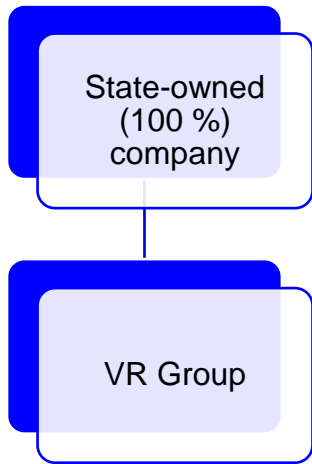


# Creating a level playing field

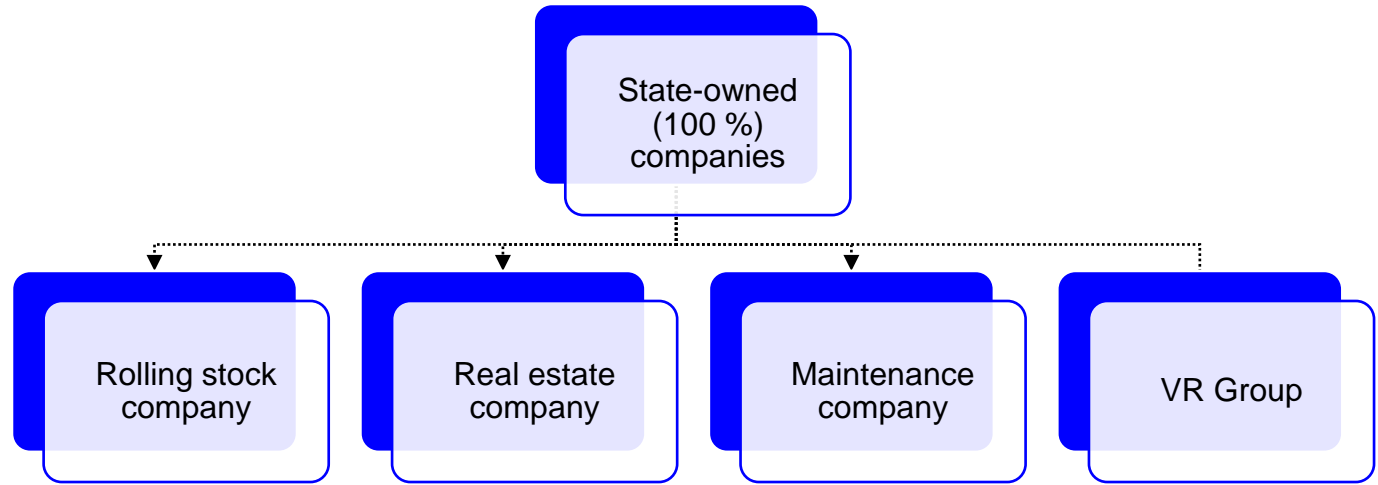
- The aim of the EU's fourth railway package is an open and non-discriminatory market entry to national passenger services
- Three wholly state-owned companies will be separated from VR to create a level playing field for all operators
  - a rolling stock company
  - a maintenance company
  - a real estate company
- The aim is that new state-owned companies will be established and separated from VR by the end of August 2018
- Staff will be transferred to the new state-owned companies so that they retain their current terms of employment
- VR will continue as a wholly state-owned rail transport company

# Separation of state-owned companies from VR Group

## CURRENT STRUCTURES:



## FUTURE STRUCTURES:



# Availability of rolling stock will be safeguarded

- A new state-owned rolling stock company will be established
- VR's rolling stock will be transferred to the new company in stages as the competitive tendering proceeds
- Rolling stock will be leased to operators under equal terms: counties will also be ensured access to rolling stock on the same terms
- The rolling stock company will be responsible for the procurement of new passenger rolling stock
- In Finland, the rail gauge is not the same as in most EU countries:
  - Second-hand rolling stock is not available from the other EU countries at a reasonable price
- In future, Finland would have two rolling stock companies operating under the mandate of two competent authorities: one rolling stock company for rail transport in the greater Helsinki area (Pääkaupunkiseudun junakalusto Oy) and another rolling stock company for rail services in the other areas of the country
- Rail transport freight rolling stock will also be transferred in stages – with due attention to VR's transport agreements
- All operators will have equal access to rail transport freight rolling stock

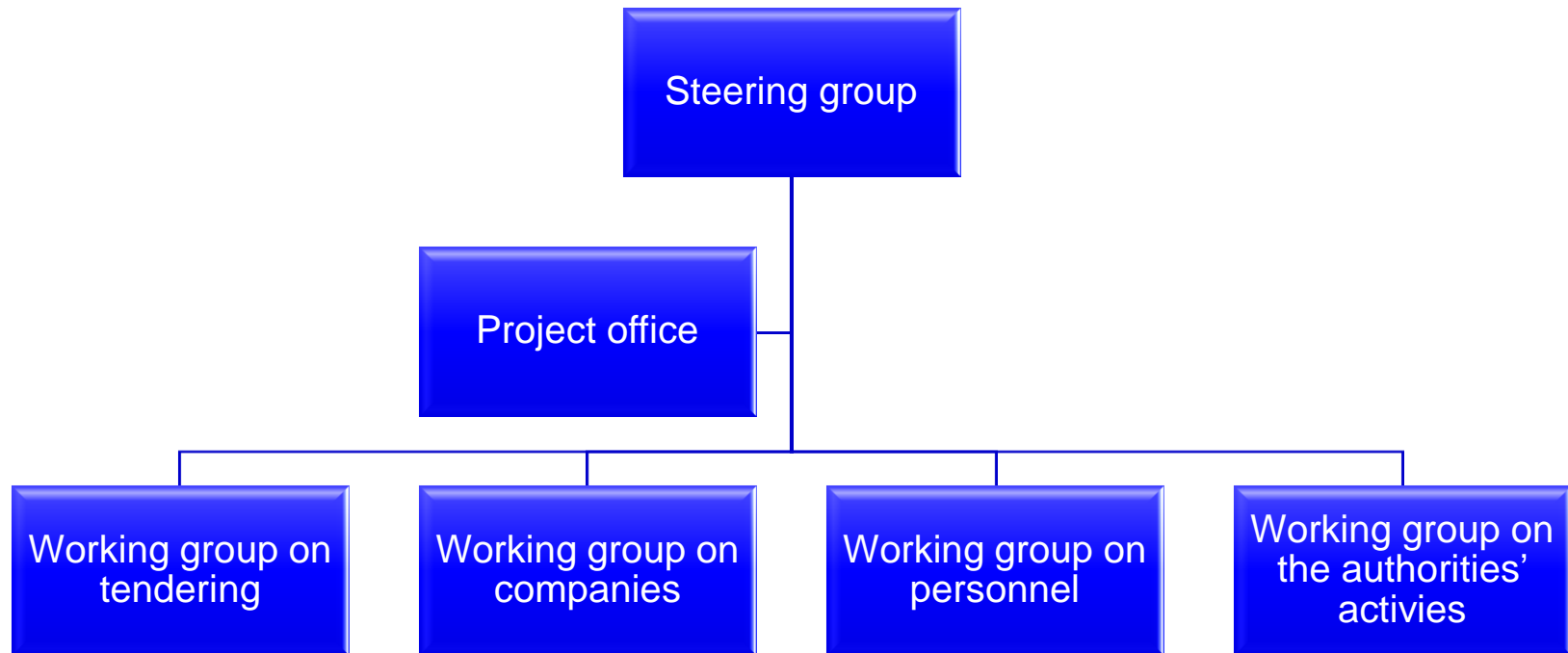
# Separate companies for maintenance services and real estates

- **New, wholly state-owned companies will be established for maintenance and real estate services by separating the functions from VR**
- To ensure equal access to maintenance service, it is necessary to provide them through an independent company
- The real estate company is to safeguard equal access to stations, terminals, depots and maintenance facilities



# Working group preparation

- Ministry of Transport and Communications has appointed working groups to prepare the details of the competitive tendering:



Thank you!



LIIKENNE- JA  
VIESTINTÄMINISTERIÖ