



Summary

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Delay charges and right of recourse – central government measures to counteract train delays

Summary

The Swedish National Audit Office (Swedish NAO) has audited whether the two policy instruments – delay charges and right of recourse – help to reduce train delays in an effective manner. The Swedish NAO has also audited the Government's policy and follow-up of the policy instruments and their impact on Swedish Transport Administration's efforts to counteract train delays related to operations management and infrastructure.

The overall conclusion of the Swedish NAO is that the policy instruments lack certain conditions to effectively help to counteract train delays. The Swedish NAO notes that there are shortcomings in the quality of the delay coding, the design of the policy instruments and the Swedish Transport Administration's efforts, which means that the policy instruments do not generate sufficient incentives and steering effect to effectively counteract train delays.

Train delays are not declining despite the policy instruments

The Swedish NAO's audit shows that there are deficiencies in the design of both the delay charge and the right of recourse systems that may impact the effectiveness of the policy instruments. Train delays have not decreased overall since the introduction of the policy instruments. The combined delays related to operations management and infrastructure have also not decreased since their introduction. The Swedish NAO's audit also shows that there are deficiencies in

delay coding and in quality assurance of the delay causes, which means that payments under both policy instruments are incorrect and planning, prioritisation and implementation of preventive measures are not carried out in the most effective manner.

Both policy instruments are marred by deficiencies that impact their effectiveness. There is no guarantee that the delay charges achieve the desired steering effect, since the design of the charging model does not take the punctuality and delay targets into account. In addition, it is not apparent that the level of the punctuality and delay targets is efficient. The charging model design is also not based on an analysis of what effects the structures and levels of the charges have on punctuality or delays. Furthermore, the railway undertakings do not pay delay charges for all of their delays, which thus impacts the effectiveness of the policy instrument. The Swedish NAO also notes that the right of recourse system is not cost-effective and has a weak impact. The Swedish Transport Administration's administrative costs for the right of recourse system are large due to a lot of manual work. Some delays that actually give railway undertakings the right to recourse compensation fall outside the system because the considerable manual work that the undertakings have to devote to the application process sometimes makes it economically unattractive for them to apply. Many delays that affect freight operators also fall outside the system because according to the wording, freight operators only have the right to compensation for a minor share of the costs that they may incur. The cost responsibility for the right of recourse payments is also not divided within the Swedish Transport Administration among the areas of operation that are responsible for the various disturbances.

Swedish Transport Administration efforts to counteract train delays need improvement

The Swedish NAO assesses that the incentive structure within the Swedish Transport Administration does not sufficiently link the cost responsibility for payments of delay charges and the right of recourse compensation to the organisation responsible for the disturbance. Admittedly, the cost for delay charge payments concerning delays is charged to the internal budgets of the responsible areas of operations, but the costs for the delay charge payments concerning train cancellations and for right of recourse payments are charged to the Swedish Transport Administration's central budget.

The audit also shows that the policy instruments do not have any major impact on the Swedish Transport Administration's efforts in terms of planning and prioritising preventive measures to reduce operations management and infrastructure-related disturbances. The Swedish Transport Administration and the industry's common punctuality target of 95 per cent, and its manifestation in

delay times, as well as the Swedish Transport Administration's internal delay time target lack a connection to the policy instruments. The costs of the policy instruments do not affect the Swedish Transport Administration's work on planning and prioritising preventive measures for infrastructure-related delays to any great extent. As to the delays related to operations management, the Swedish Transport Administration does not perform any analyses, neither of the costs that these delays lead to under the delay charge and the right of recourse systems, nor of the delays as such. Furthermore, delays related to operations management caused by a traffic controller's priority decision may be necessary in order to reduce overall delays in the railway system as a whole. However, the Swedish Transport Administration pays delay charges for all these priority decisions, creating incentives to reduce these delays. This means that the incentives with regard to these delays are ambiguous, meaning that the Swedish Transport Administration pays delay charges even though the priority decisions are well-founded. However, no analyses are performed concerning how many of the decisions were well-founded. Therefore, it is unclear whether the quality of the priority decisions is as high as possible.

There are no systematic evaluations of the effects of the measures taken on the delays, which means that it is not possible to assess whether the Swedish Transport Administration's work on preventive measures for delays related to infrastructure are being improved and developed effectively. In an earlier audit, the Swedish National Audit Office noted that the Swedish Transport Administration lacks sufficient knowledge about the current and future condition of the facilities. Without this knowledge, planning and prioritising preventive measures to reduce the incidence of infrastructure-related disturbances is less effective.

The Government needs to follow up the right of recourse system

The Government has followed up the delay charging system, but not the right of recourse system. The Government thereby lacks information on how well the right of recourse system functions and whether it is effective.

Recommendations

To the Government

- Carry out a follow-up and review of the cost effectiveness and steering effect of the right of recourse system. If there is no basis to improve the cost effectiveness and steering effect of the policy instrument, the Government should consider proposing to the Riksdag to discontinue the right of recourse system for domestic traffic.

To the Swedish Transport Administration

- Perform an analysis to determine an efficient level for railway punctuality and delays. This analysis should serve as a basis for the design of the delay charging structures and levels to ensure that the policy instrument generates sufficient incentives for the actors to reduce their disturbances.
- Develop methods and practices for registering delay codes for the railway undertakings' consequential delays. Also, develop a plan to safely gradually introduce delay charges for the railway undertakings' consequential delays.
- Ensure that the quality of the traffic controller's priority decisions is as high as possible and clarify the incentives in the delay charging system linked to the handling of delays caused by priority decisions.
- Develop planning and prioritisation of preventive measures to better counteract delays related to operations management and infrastructure. This work should include a fundamental analysis of delay causes, taking into account the Swedish Transport Administration's costs of delay charges and right of recourse, and systematic evaluations of measures taken.