

FORMATION OF RAILWAY TARIFFS FOR COMMUTER PASSENGER TRANSPORTATION

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ABSTRACT

The author considers current problems of suburban passenger transportation by rail. The establishment of tariffs for such transportation is a sensitive issue of the industry, since it leaves several unsolved outstanding

issues at the legislative level, which the article is devoted mainly to. It contains analysis of Russian statistics for the years 2014–2015, the regulations governing commuter passenger transportation, and the evidences of existing problems of tariff formation.

Keywords: tariffs, commuter passenger transportation, railway transport, commuter companies, legislation, social demand, state regulation.

Background. Break-even operation of commuter passenger transportation by rail, taking into account their social focus, is impossible without the participation of the state. Lost income of suburban passenger companies are associated with a reduced travel tariffs for citizens and provision of availability of transport services for the population of a particular region.

At the legislative level, there is no norm, indicating the compensation for lost income to commuter companies, which adversely affects the development of the market of suburban passenger rail transportation and activities of suburban passenger companies.

Objective. The objective of the author is to consider the process of formation of railway tariffs for commuter passenger transportation, using the example of St. Petersburg area.

Methods. The author uses general scientific methods, economic approach, comparison, analytical method.

Results.

1.

During 2014 in 28 regions of Russia compensation of shortfall in income of carriers accounted to less than 50%, including in four regions to less than 10%. In five regions subsidies for compensation to commuter companies were not provided [1]. Shortfall in income of suburban passenger companies in 2015 amounted to about 12,3 billion rubles, from the regional budget only 9,8 billion were compensated. Annual lost compensations lead to a growing loss of companies [2].

Formation of an effective model of industry funding and support for the activities of carriers tariff regulation at the legislative level are essential elements of the system of tariff formation for suburban passenger rail transportation and for attraction of private investment into the sector. Private investors are ready to invest money in projects that guarantee payback and profit. The warranty is only possible with the changes in the legal framework laid down for a long term

Commuter passenger rail transportation now accounts for about 0,2% of passenger turnover for private carriers, 0,1% for JSC Russian Railways and 99,7% for subsidiaries and affiliates of the holding company.

State support for suburban rail communication is conducted at the expense of a preferential tariff for the use of railway infrastructure. The Russian government has extended until December 31, 2030 the action of coefficient 0,01 for this tariff during transportation of passengers in suburban traffic. According to media reports the establishment of preferential tariffs for carriers for the use of railway infrastructure and the introduction of a zero VAT rate for commuter passenger companies have reduced their spending in 2015 by about 8 billion rubles [5].

Accepted anti-crisis measures in the railway industry have a negative impact on population mobility. The critical

point was the abolition of commuter trains in January 2015, when 300 suburban trains were cancelled in Nizhniy Novgorod, Oryol, Voronezh, Samara, Kirov and Tver regions, and in Pskov and Vologda regions suburban rail traffic stopped completely [2].

After this incident Federal Antimonopoly Service was given a number of powers to regulate relations in the field of commuter rail transportation, including the right to establish a procedure for resolving disputes between suburban rail companies and regions with regard to regulation of tariffs.

The establishment of tariffs for suburban passenger transportation is a sensitive issue for the industry. Currently, suburban passenger companies provide regions with calculations of economically justified level of tariffs, which are then approved by the regional entities of the Russian Federation. Tariffs offered by carriers, are generally higher than those set in the regions.

The key problem of tariff formation resides, according to experts of suburban passenger transportation, in unsoundness and non-transparency of costs of suburban passenger companies costs, especially in terms of determining payment for services of JSC Russian Railways, which make up about 80% of total companies' costs. The expenses of external organizations are rates on lease, management and operation, maintenance, repair and overhaul of rolling stock that are not governed by regulations.

2.

A question of compensation for shortfall in income of the company is still vital, since each year the amounts, set by the regions are growing, despite the decrease in passenger turnover and the number of trains in suburban railway traffic.

A good example of the situation is the work of JSC North Suburban Passenger Company. In 2014 its shortfall in income amounted to 659,4 million rubles, and in 2015 to 959,25 million rubles. In the company's plan for 2015 1 405,83 million rubles were announced. Moreover, its passenger turnover decreased from 381,714 million passenger-kilometers in 2014 to 311,944 million passenger-kilometers in 2015. The average tariff increase for 2015 compared to 2014 year amounted to 17% [7]. Like in most suburban passenger companies, the main cause of loss of the company in the annual report is linked to only partial reimbursement of the company's cost by served regions of the Russian Federation.

For example, JSC North Suburban Passenger Company is characterized by preservation of zone tariffs for suburban passenger transportation, which is also not advisable as incompatible with the use of different transportation cost in several subjects of the Russian Federation.



In 2015, the country transported 926624 thousand passengers by public rail transport in suburban traffic, it is 95,34% in comparison with 2014.

Passenger turnover of rail transport in suburban traffic in the Russian Federation in 2014 amounted to 71,8%, while in 2015 it was 63,2% in the context of the total passenger turnover in suburban traffic. The share of bus transport increased from 28,1% to 36,7% over the same period, indicating the growing competition of bus traffic [3].

The main reasons for decrease in passenger turnover in suburban rail transport is the general current state of the economy, the decline in living standards of the population, the aging passenger fleet of vehicles, the growing competition of road transport and bus transportation.

Final choice of a particular mode of transport by population is considerably affected by non-price factors of transport competition: reliability, safety, convenience of schedule and transportation speed.

Further improvement of the quality of services of suburban passenger companies becomes the method of increasing the competitiveness in order to create loyal attitude of its passengers and to attract new potential customers.

Prospects of development of suburban rail transport is seen in high-speed transportation, for which the passenger is willing to pay more in order to save time.

In St. Petersburg, rapid commuter trains «Lastochka» («Swallow» in English) were put into operation, running in four directions from the town. This type of train is suitable for passengers with disabilities. The cars are equipped with soft seats and equipped with climate control units that provide heating and cooling of air, above the seats there are eight AC outlets 220 V, trains are equipped with toilets.

Electric train «Lastochka» is comprised of five cars, the overall length of the train is 130 meters, the train can reach speeds of up to 160 km / h, while the average speed of a conventional electric train in suburban traffic does not exceed 60 km / h [8].

From the information note on setting tariffs, subject to state regulation in the territory of St. Petersburg for 2016, it follows that the cost of travel by train «Lastochka» is not much different from the usual train, that also influenced the positive reviews of passengers about the new train, commissioned in the suburbs of St. Petersburg.

JSC North-West Suburban Passenger Company has proposed to set the following tariffs for 2016:

- For «Lastochka» trains in the amount of 46 rubles for the first 20 km, then 2,30 rubles per each additional kilometer;

- For the rest of suburban trains-41,40 rubles for the first 20 km, then 2,07 rubles per each additional kilometer.

Experts of the Committee on tariffs of St. Petersburg based the calculation of tariffs on volumetric indicators at the level of claimed by «Northwest Suburban Passenger Company» for 2016. Due to the decrease in gross proceeds from the activity of rail passenger transportation in the suburban traffic by 12% compared to 2015 the Committee offered the following limit maximum tariffs for services of JSC North-West Suburban Passenger Company for rail passenger transportation in suburban traffic in the territory of St. Petersburg for 2016:

- tariff for transportation of passengers for the first 20 kilometers, regardless of the distance of travel, not taking into account «Lastochka» trains in the amount of 40 rubles (5,3% growth);

- tariff for transportation of passengers and for the first 20 kilometers, regardless of the distance of travel along the route of the train «Lastochka» in the amount of 45 rubles;

- transportation of passengers for each additional kilometer after the 20th, not taking into account the train

«Lastochka» in the amount of 2 rubles per 1 km (5,3% growth);

- Transportation of passengers for each additional kilometer after the 20th on routes by trains «Lastochka» in the amount of 2,25 rubles per 1 km.

Thus, the cost of travel in the more comfortable train «Lastochka» is greater than the cost of travel in an ordinary electric train by 12,5%. And this example confirms the company's commitment to set higher tariffs for transportation of passengers.

3.

The special features of establishment of tariffs for suburban passenger transportation by rail in the regions include:

1. Method of FTS does not oblige a region to set a tariff, but only to confirm the economically justified costs and to compensate the losses of the company.

2. The region sets a tariff for population in compliance with the Regulation № 239 of the Russian Government. The size of the economically justified costs of the company shall be examined by executive bodies of the subject of the Russian Federation.

3. The tariff may be only one, at the level of economically justified expenses of the company.

4. In the legislation there is no direct legal norm, which obliges the region to establish the tariff.

5. The tariff is set under the Regulation № 239 «subject to reimbursement of losses in revenue resulting from tariff regulation, at the expense of the relevant budgets of the Russian Federation».

Calculation of tariffs for suburban passenger transportation is carried out in accordance with the established methodology of calculation of economically justified tariffs for suburban passenger transportation by rail, order of FTS of Russia dated September 28, 2010 № 235-t / 1-t

The technique has several disadvantages, as it does not reflect:

- Calculation of rates for services of JSC Russian Railways;

- The procedure for agreeing and setting tariffs for carriers at the level of a region of the Russian Federation, which they serve;

- Calculation of the share of the costs, depending on the volume of work;

- Calculation of tariffs on trains of increased comfort and speed, season tickets;

- Method of establishing a single tariff for multiple subjects, served by one of suburban passenger companies.

The current methodology of tariffs does not create prerequisites for competitive conditions in the market of suburban passenger traffic, as it does not provide equal access to carriers-companies of private forms of ownership to infrastructure facilities, which are state-owned.

Imperfect legal framework leads to confusion and complexity of the calculation of tariffs, which in turn affects the discontent of citizens who consider tariffs for suburban passenger transport exaggerated.

The problem of annual tariff indexation deserves special attention, which, in my opinion, should be limited to the limit value.

If we take into account the European experience, the public transport costs should not exceed 5% of total household consumption expenditure, which is also set in the transport strategy for the period up to 2030 [10]. Rosstat [Federal statistics service] estimated that in the structure of final consumption expenditure of households of different socio-economic categories in the Russian Federation transport accounts for about 18%. These numbers grow every year: if in 2003 the transport costs

accounted for 9%, in 2006 they reached 12%, in 2010 – 15%, from 2013 – already 18% [3].

There is no doubt that in the current circumstances in the determination of the size of budget financing of transportation activities of enterprises of passenger transport requested by the passenger enterprises amounts of budget compensation must be justified. It requires a clear knowledge of what specifically the public authorities intend to compensate: the cost of passenger companies on transportation of privileged categories of passengers, i.e. shortfall in income from such transportation, or to cover losses of suburban passenger companies.

The negative financial result of the majority of suburban passenger companies, low public demand for suburban rail transportation, the shortcomings of the existing methodology for calculating tariffs indicate the inefficiency of this type of transport.

Held at the regional level tariff policy in the field of suburban rail transport has gained an economic focus in recent years. In the absence of a technique of construction of a passenger tariff, validity of the tariff policy and its depth is governed by subjective decisions of executive authority of a region. This situation does not promote the normalization of the passenger transport and the level of tariffs for the population.

Conclusion. Activities in the area of suburban railway transportation development should be focused on solution of existing problems in the industry: increase in growth of population mobility and accessibility of services, renewal of vehicles and improvement of the investment climate, ensuring the inflow of private investment into the sector, development of an effective model of interaction between all actors of the transport market, establishment of methods and regulations governing the activities of the suburban rail transport at the legislative level.

The main role in ensuring the availability of services in commuter rail transport is played by a value of tariff for transportation. Therefore, a priority for the development of tariffs for suburban passenger transport is the development of improved methods for determining the economically justified level of costs, as well as ensuring the state regulation of the industry and a full, legally fixed compensation of shortfall in income of suburban passenger companies.

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