



## Will passengers benefit from market opening?

**EPF position – April 2024**

**Will passengers benefit from market opening?  
For EPF, the answer is YES, BUT... it is not a miracle solution.**

When talking about competition in public transport, it is useful to distinguish between “open access” (competition on the market) and contracted public services (competition for the market), and how this impacts the relationship between operators and passengers. In the first case, it is the operator that decides on timetables, fares, service levels on board etc. In the latter case, it’s the public authority that decides on such aspects.

In both cases, several examples have shown that competition may lead to lower cost and lower prices, greater customer choice, sometimes new routes. Competition is an incentive for operators to innovate and improve their service quality. This is true for competition between rail operators, but also for competition between different modes. Competition between bus & rail can drive prices down for both. Competition with air travel is an incentive for rail to do better.

However, there are also some potential downsides or pitfalls. The advantages of innovation versus a single strategic integrated network need to be balanced against each other. In case of different operators – where to obtain an overall map of services that are available? Where to find information and buy a ticket for a journey involving multiple operators? How about station management and passenger assistance across operators? In case of a disruption, are passengers able to hop on the next available train?

In rail, there’s no such thing as ‘perfect competition’. To start with, it is difficult for new operators to enter the market, due to factors such as insufficient capacity of the existing infrastructure, limited access to authorized rolling stock, and very lengthy decision-making cycles in timetabling, making it difficult to include new services in the short term. Also, competition only works when demand is high. On services that are not profit-making, regional governance (and subsidies) may be needed to guarantee supply of services of public interest that are unattractive from the market side.

In EPF’s view, government intervention is needed in case of market failure, to ensure, amongst others:

- An integrated transport system, which means there needs to be provision for operators to collaborate with each other in the passengers’ interest;
- That transport plays its role as an enabler to achieve public policy goals such as connectivity, access to services, inclusion and accessibility, less congestion etc.;
- That parts of the day or swathes of territory are not left unserved due to ‘cherry picking’ of profitable routes by private operators.

In summary, competition may bring some benefits for passengers but it doesn’t provide a free-standing, comprehensive solution. If it does happen, it needs effective regulation, taking proper account of the interests of passengers as the weaker party to the transport contract. That needs securing with formal engagement processes between the regulators and the passengers’ representatives and things like user satisfaction surveys.