Transportudvalget 2012-13
TRU Alm.del Bilag 133
Offentligt

The Austrian Scheme of Financing the Rail Infrastructure

29 October 2012

Federal Ministry for Transport, Innovation and Technology
Vienna
Austria

Basic Organizational Structure (1)

- The responsibility for the construction, operation and financing of the Austrian high-level rail infrastructure lies with a privately organized stock company.

- The federal government owns 100% of this company.

ÖBB-Infrastruktur AG
ÖBB Infrastructure Corporation

ÖBB = Österreichische Bundesbahnen
Austrian Federal Railways

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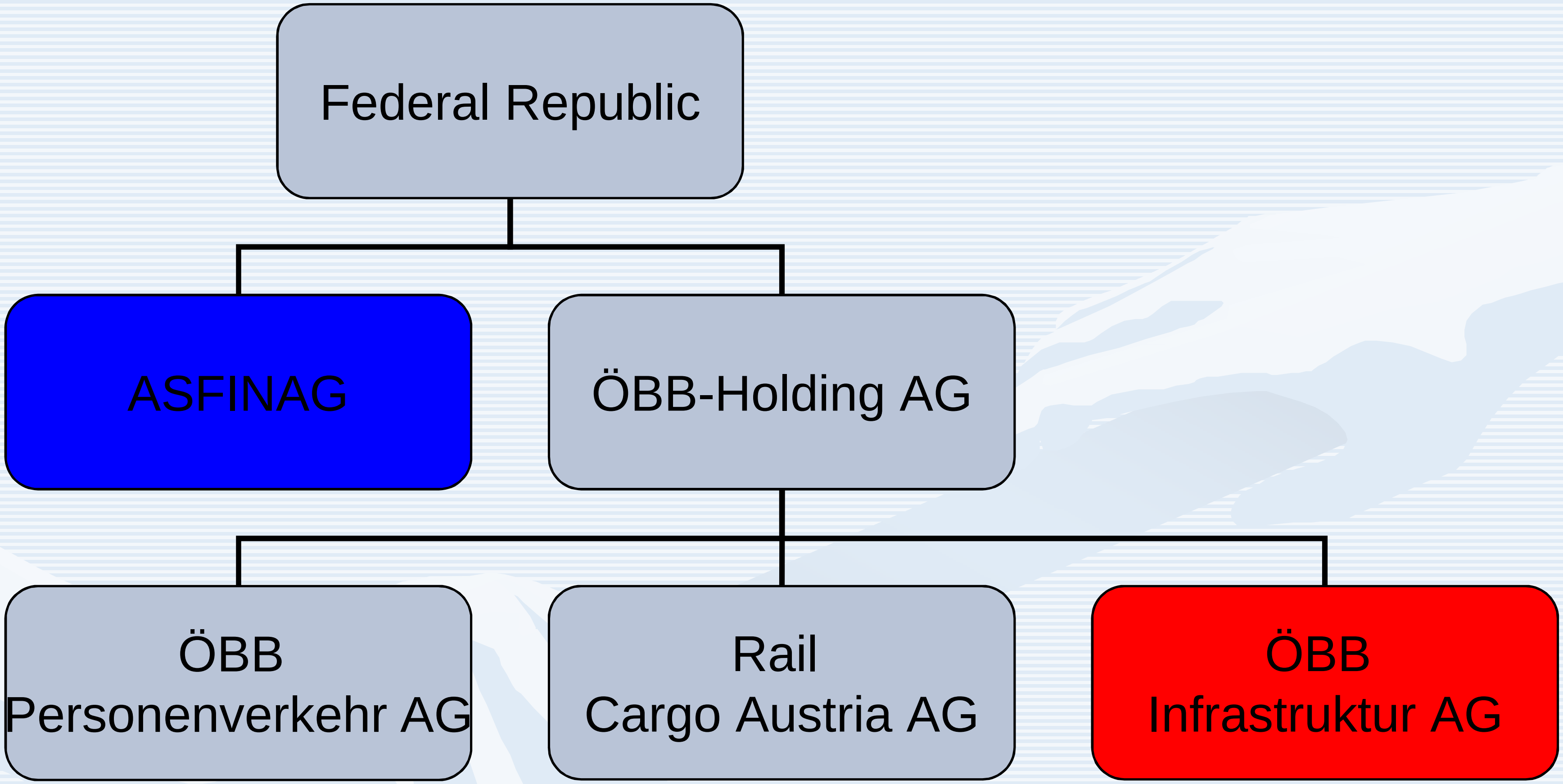
Basic Organizational Structure(2)



Current government programme – Rail sector

- Commitment to modernization of rail infrastructure.
- Continuation of the “Rail Infrastructure Campaign”.

General overview

Road

- Bundesstraßengesetz

  (Federal Highway Act)
- Investment programme

  (6-year construction programme)

- Toll financing

Rail

- Target network 2025+

- Investment programme

  (6-year framework plan)

- Grant contract

Strategic objectives for rail infrastructure – Target- network 2025+

- Network function
- Further development of safety
- Integrated timetable
- High-quality services for freight traffic
- Improvement of economic efficiency

Investment programme - rail

- Objective of the investment programme: Networks to be striven for are coordinated between the federal government and the company (target network).

- The objectives are operationalized by investment programmes, based on a time-frame of 6 years.

- The programmes are controlled on the basis of the yearly sum of the investment programmes as well as on project level (double control).

Presentation of the Investment Programmes - rail

	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8		
		Investment programme n		Investment programme n+1			Investment programme n+2			
project 1	79	30	29	28	28	27	0	…	221	Sum per project
project 2	75	118	72	69	54	43	0	…		
project 3	0	0	2	9	21	36	50	…		
project 4	95	103	111	109	104	99	80	…		
	249									
	Annual sum									

Sum of the investment programme per year

ÖBB Framework Plan 2013 – 2018 (1)

- The Framework Plan of 2012 – 2017 was updated for the period 2013 – 2018 and passed by the Austrian government on 16 October 2012.

- The total volume of the new Framework Plan 2013 – 2018 amounts to approximately 12.7 billion Euro.

- The Framework Plan includes:
  - New construction and upgrading of existing railways
  - Railway stations and freight terminals
  - Reinvestment in in the existing railway infrastructure

ÖBB Framework Plan 2013 – 2018 (2)

Ad new construction and upgrading of existing railways:

- Southern railway (Semmering Base Tunnel, Koralm)
- Western railway
- Brenner axis including Brenner Base Tunnel

Most of these relations are TEN-priority projects (especially Western railway, Brenner axis)

All of them are going to be included in the new TEN-T core network.

Principles of Financing of the Framework Plan

- The company raises the capital for its investments on the capital market.
- In order to create credit conditions on favourable terms state liabilities are provided for the company.
- Financing is NOT based on the principles of project financing but on the principles of corporate financing.
- Financing is based on pre-financing with income from long-term refinancing.
- Long-term investment agreements are concluded between the federal government and the company. Hereby the state subsidies are defined on a concrete basis.

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Refinancing

Road

- Toll revenues as well as other revenues.
- No state subsidies from the federal government

Rail

- Revenues from infrastructure charging (rail infrastructure charging) as well as other revenues.
- State subsidies

Grant contract (I)

- The refinancing of the investments in the rail sector is carried out through state subsidies.
- Contract under private law between ÖBB Infrastructure Corporation and Ministry of Transport.
- Legal basis: § 42 of the Federal Railway Act as well as budgetary laws ("Vorbelastungsgesetze") containing financial precautions over the entire construction- and financing period
- Controlling by key performance indicators

Grant contract (II)

- Grants on an annuity basis for: New construction and upgrading of existing railways, railway stations and freight terminals as well as the reinvestment in the existing railway infrastructure, which are included in the ÖBB Framework Plan.

- Grants on a cash basis for: Maintenance and operation of the infrastructure (which are not included in the ÖBB Framework Plan), if not covered by track access charge.

General conditions (1)

- Planning security
  - entire project duration
  - re-investment/ maintenance

- Stability concerning time and costs

- Existing network has priority over new construction and extension.

General conditions (2)

- Monitoring
  - Supervisory board
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  - SCHIG

The Annuity Model (1)

Example:	Investment:		1.000
	Own Contribution:		-100
	Macro-Economic Investment.:		900
	Annuity:	appr.56	interest rate: 5%

→ Macro-Economic Investment (900) is not financed on a cash basis but on the basis of annuities (30 years).

→ 30 years correspond with the average period of the life cycle of the infrastructure and the average depreciation period.

The Annuity Model (2)

- The company bears the liability which has no effect on the balance sheet because depreciation, interests and annuities are included.

- Debts are refinanced by annuities over a long-term period.

<u>Effects of annuities on the company:</u>

- High debts on the liabilities side and assets (activated infrastructure investments) on the other side of the company´s balance sheet (balance sheet extension).
- The activated infrastructure investments are presented on the asset side of the company´s balance sheet.
- On the liabilities side: slow reduction of debts.

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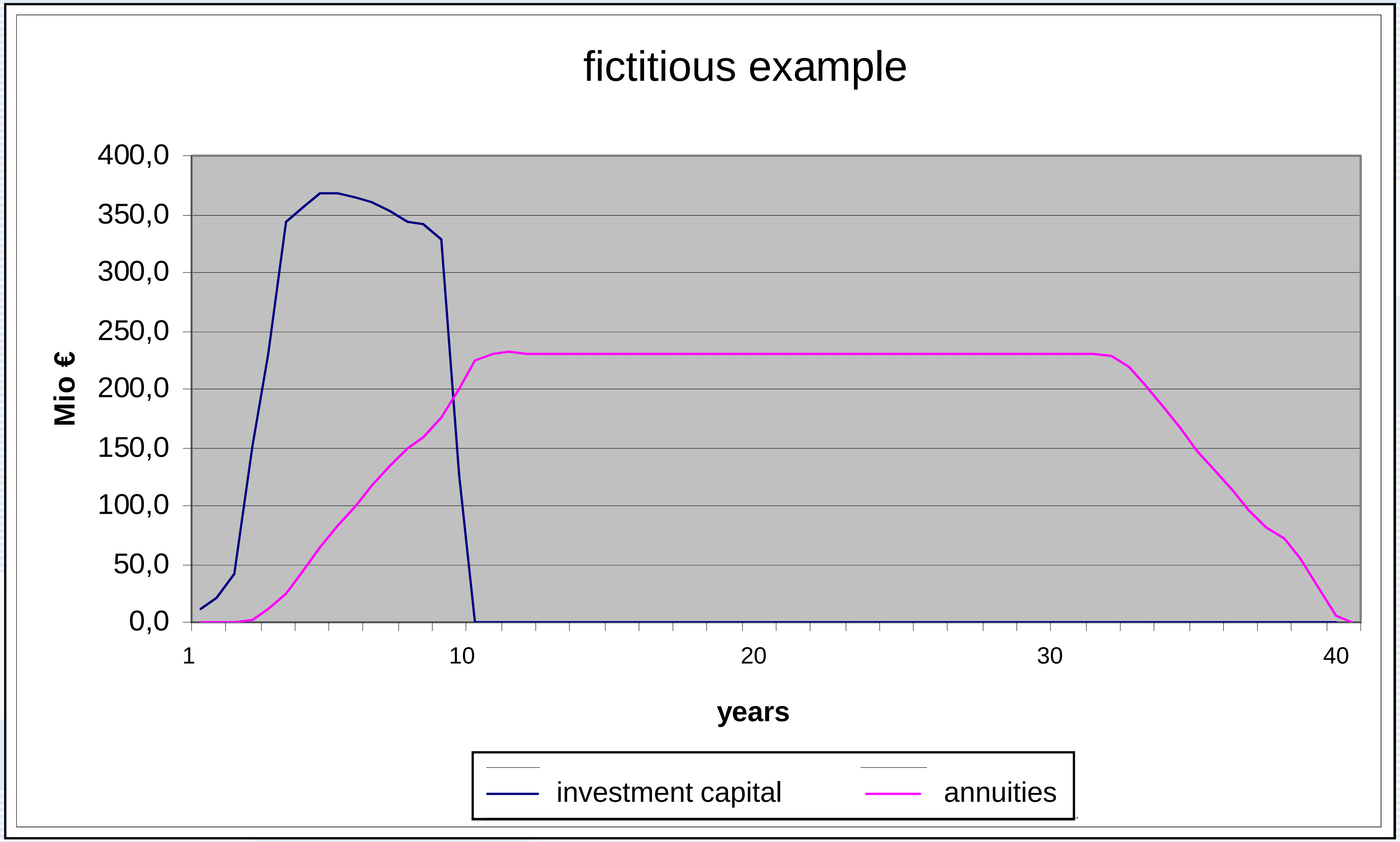
The Annuity Model (3)



The Annuity Model (4)

Pros

- Consonance of budget and financing
- Macro-Economic user fee

  (refinancing by the national budget according to the period of utilization)
- Balanced income statement

Cons

For the enterprise:

- Long-term liabilities
- The enterprise is permanently confronted with debts

For the national budget:

- Long-term effect on the budget

The Annuity Model (5)

Effects of the new European System of Accounting (ESA) on the public budget:

- Initially ÖBB Infrastructure corporation belonged to the private sector. → Only grants for annuities had an effect on Austrian deficit and debt

- As from 2014 the entire ÖBB Infrastructure corporation will be assigned to the public sector → relevant for Maastricht criteria → full effect on Austrian deficit and debt.

The Annuity Model (6)

Two general aspects:

- Steering mechanism: ÖBB Infrastructure corporation has the responsibility for the investment, the financing and the financial outcome.

- Off-balance financing: not possible any more as of 2014 (new ESA)

The new Austrian accounting system (1)

Type of accounting	Budget	Corresponds to…
Cash accounting	Cash budget	Payments (cash flow statement)
Accrual accounting	Accrual budget	Result based on accrual accounting (operating statement)
Capital accounting	Statement of financial position	Balance sheet

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The new Austrian accounting system (2)

Budget Reform: Federal Organic Budget Act 2013

- Accounting for the federal government on the basis of double-entry bookkeeping (accrual accounting).
- Based on the International Public Sector Accounting Standards (IPSAS).
- Information will be available to the administration, the parliament and the public as from 2013.

Effects of the new Federal Budget Act on infrastructure finance:

- Maastricht debts according to ESVG will be transparently represented in the accrual budget.

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