

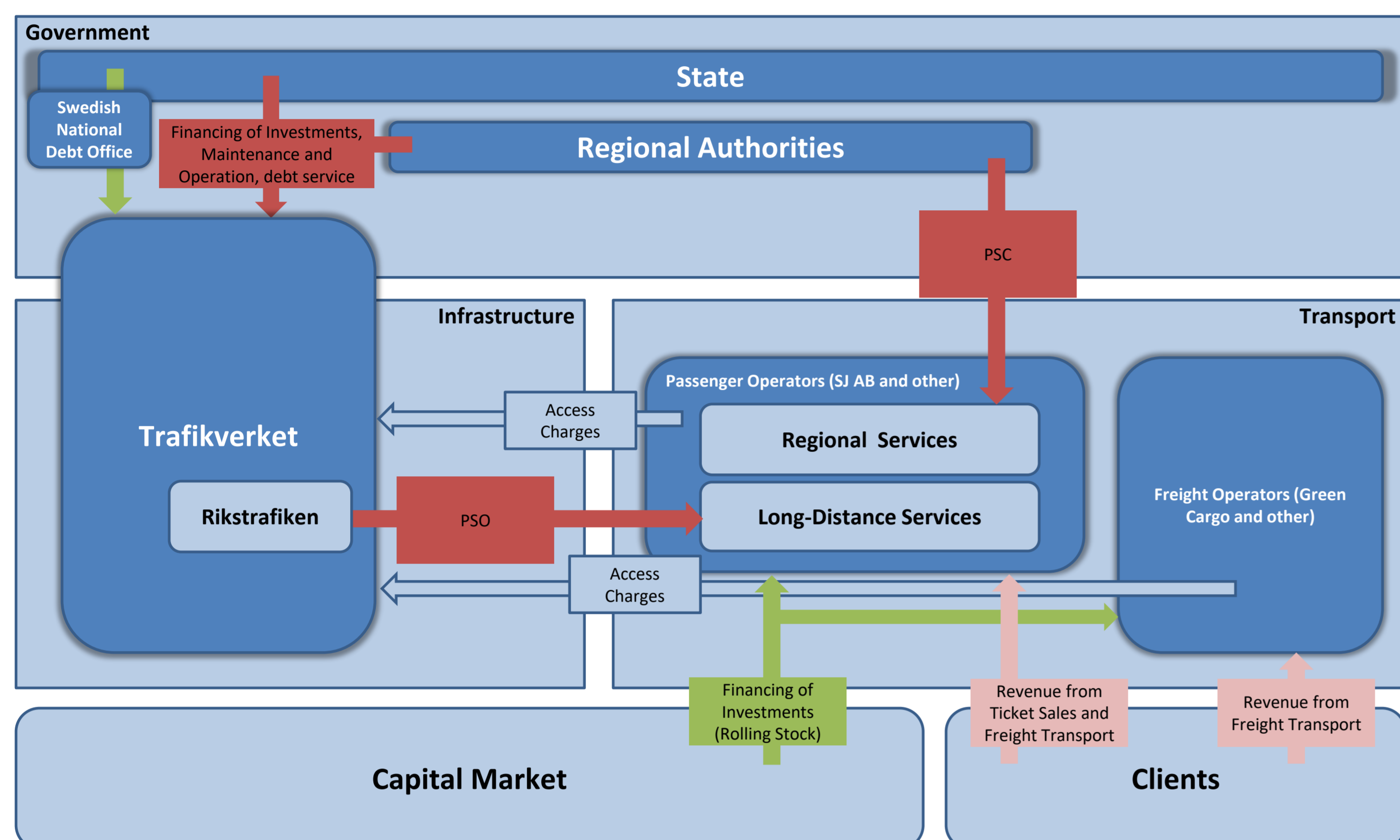
Public Budget Contributions to the Swedish Rail Sector

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Organizational Structure

Main Operators

SJ AB, a government-owned limited rail transport company, is serving regional and national connections. Green Cargo, a former division of the Swedish State Railways (SJ) is the state-owned freight transport and logistics company. Beside SJ AB and Green Cargo several private operators supply the market of freight and passenger transport with services. The national rail infrastructure is owned and maintained by Trafikverket who has taken over responsibility from Banverket in the beginning of 2010.



Infrastructure

Trafikverket is a government agency that is responsible for long-term infrastructure planning for transport: road, rail, shipping and aviation. It owns, constructs, operates and maintains all state-owned roads and railways. Operation, maintenance and investment of railways are financed by government appropriations and loans from the national debt office. In addition, Trafikverket receives a compensation for capital costs and funds for the repayment of loans.

Transport

Regional transport is organized by regional authorities. The Public Service Contracts are typically awarded through tenders. Contracts differ between the forms of granted compensation (net vs. gross payments). Open access applies for long-distance passenger transport and freight transport. However, some non-profitable long-distance lines, which wouldn't otherwise be served, are run with public support granted by the Swedish Transport Agency (Trafikverket) who has taken over responsibility from Rikstrafiken in the beginning of 2011.

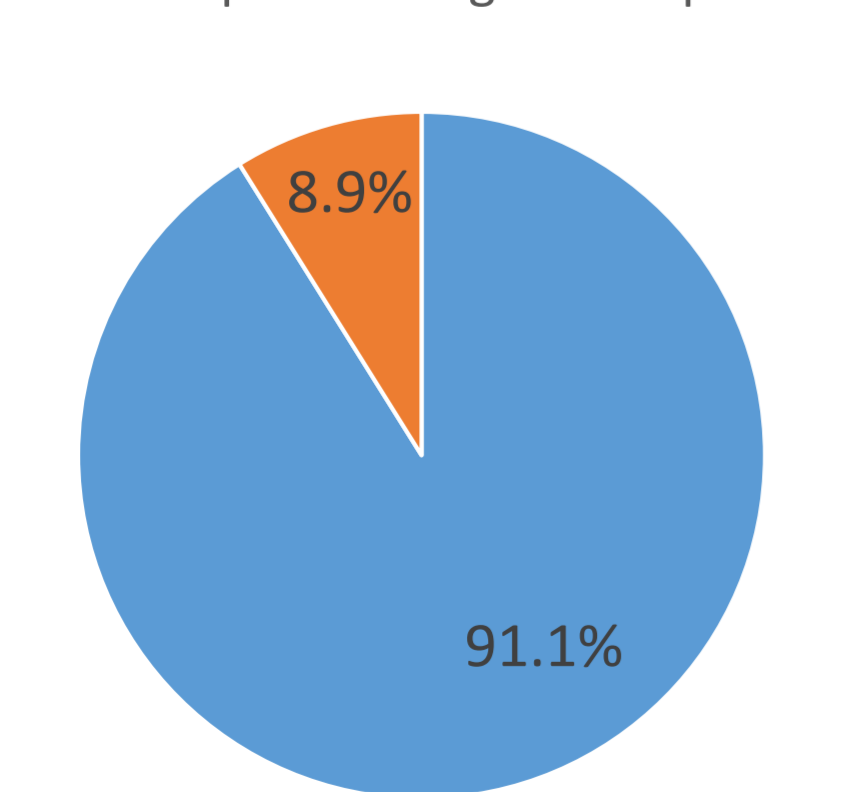
Other

In 2008 the Swedish sector received additional funds for the repayment of loans. In 2009 Banverket received an additional contribution because of a shortfall in capital.

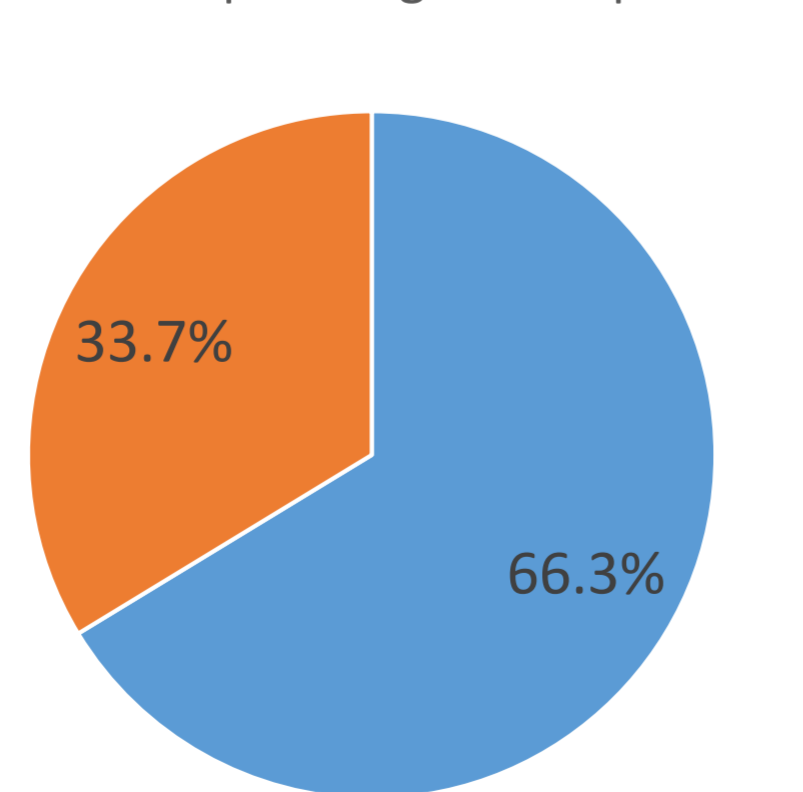
Industry Characteristics (2015)

| | |
|----------------------------------|-------------------------|
| Length of Line in use: | 10,881 Kilometer (2014) |
| Passenger-Kilometer: | 12.741 billion |
| Ton-Kilometer: | 20.583 billion |
| Passenger-Ton-Kilometer: | 33.324 billion |
| Modal Split Freight Transport: | 33.7 % (2014) |
| Modal Split Passenger Transport: | 8.9 % (2014) |

Modal Split Passenger Transport



Modal Split Freight Transport

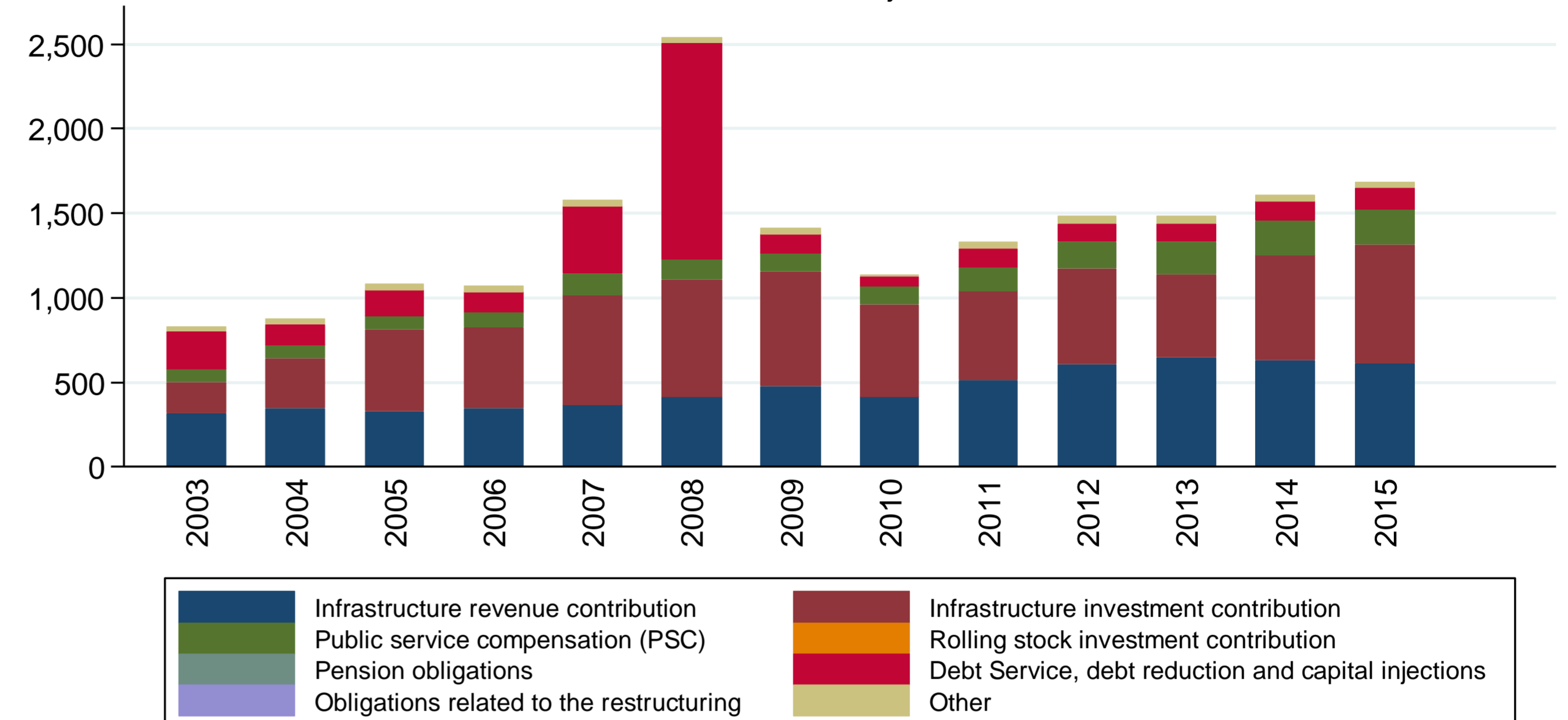


■ Roads and Inland Waterways ■ Railways

Source: European Commission - Transport in Figures, Eurostat

Financing

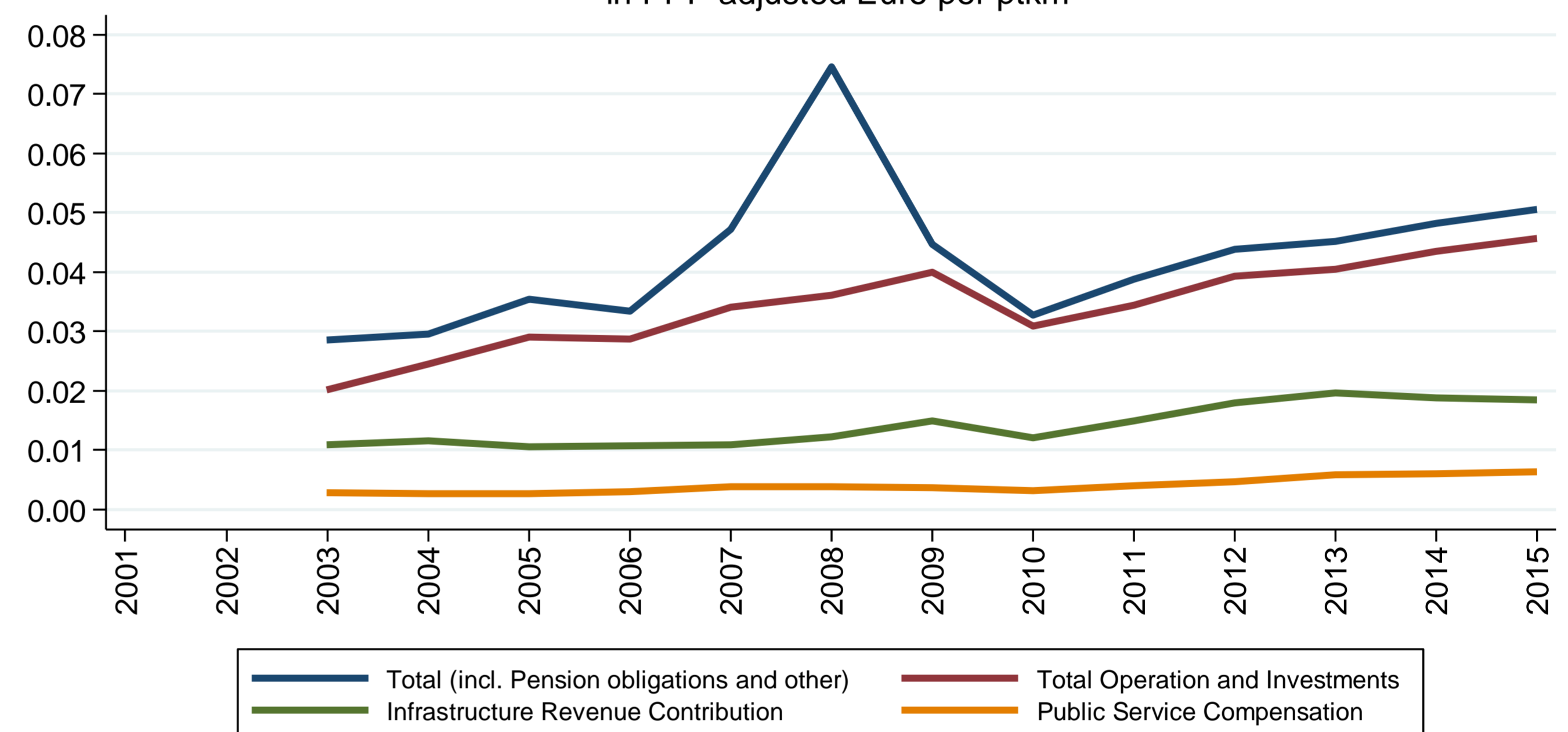
Public budget contributions to the Swedish railway sector
in million PPP adjusted Euro



Development of Public Budget Contributions

Public budget contributions to the Swedish railway sector evolve relatively stable over the observation period. Infrastructure investment contributions have been increasing since 2003. In 2015, 1.69 billion Euro have been granted to the sector: 0.21 billion for public services, 0.61 billion for the operation of the infrastructure, 0.70 billion for infrastructure investment and 0.12 billion for interest expenses and the repayment of loans. On average, each passenger-ton-kilometer was subsidized with 4.6 cents in 2015: 0.64 cents for public services, 1.84 cents for the operation of the infrastructure and 2.12 cents for infrastructure investment.

Public budget contributions to the Swedish railway sector
in PPP adjusted Euro per ptkm



Financing Structure

Like in Italy and Spain, Sweden uses a hybrid model where both, transport service operators and infrastructure managers, receive contributions for operation. However, the Public Service Compensation makes up only a small fraction of SJ AB income, while the infrastructure manager is more dependent on government support. Likewise a large part of total contributions to the sector goes into the infrastructure, while only a relatively small part is used for the compensation of public service obligations.

Financing of Investments and Sustainability

Investment expenditures of the Swedish infrastructure manager Trafikverket are financed from government contributions as well as (state) loans of the Swedish National Debt Office. The Debt Office provides guarantees and loans to both government and private entities following approval by the Swedish Parliament and the Government. Financial expenses related to the loans as well as repayments are (partly) covered from additional contributions to the infrastructure manager. No data was available on the level of accumulated debt.