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# Transalpine unaccompanied combined transport: bidding procedure for 2019

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## 1. Background

In a practice initially adopted in 2000, the Swiss Confederation (hereinafter referred to as “the Confederation”) currently provides transport operators with subsidies for their combined transport operations on the basis of transport orders. These subsidies are intended to promote combined transport and encourage the shifting of goods transport from road to rail. Since 2005, standard maximum subsidy rates per train and per consignment have been set for each specific region.

## 2. Legal foundation

The legal foundation for giving financial support to transalpine combined transport is provided by the Federal Act on the Transfer of Transalpine Heavy Goods Traffic from Road to Rail. In the course of its deliberations on the proposed goods traffic legislation, Parliament voted in December 2008 to establish a payment parameter to promote transalpine goods traffic by rail for the period from 2011 to 2018. This was extended by five years, i.e. until 2023, by Federal Decree on 19 June 2014, and increased to CHF 1,675 million. This incentivisation is now also being further fleshed out in ordinance form.

The legal foundations for promoting transalpine combined transport are provided by:

- the Federal Act of 19 December 2008 on the Transfer of Transalpine Heavy Goods Traffic from Road to Rail (GTTA, SR 740.1);
- Ordinance of 25 May 2016 on the Carriage of Goods by Rail and Navigation Companies (GCarO, SR 742.411)
- Federal Act of 5 October 1990 on Financial Assistance and Subsidies (SubA, SR 616.1);
- Federal Act of 22 March 1985 on the Application of the Earmarked Mineral Oil Tax (MinOA, SR 725.116.2);
- Federal Decree on the Payment Parameters for Promoting Transalpine Rail Freight Traffic of 3 December 2008 and the Federal Decree amending this payment parameter of 19 June 2014.

## 3. Financial parameters

All orders for unaccompanied transalpine combined transport in the period 2011–2023 and for “Rolling Highway” transport for the period 2011–2018 have been funded from the current payment parameters that will remain applicable until 2023. From 2019, funding for the Rolling Highway will continue to be processed along with UCT under the budget item *Subsidies for transalpine combined transport*, but no longer as a cost under the multi-year payment period.

For 2018 the funds for operating subsidies started at CHF 139.7 million. As already announced in the bidding procedure for the previous year, the Federal Council requested an



additional budget allocation I/2018 from Parliament. Thanks to the approval in June 2018 of this additional budget allocation of CHF 8.5 million, the subsidy reductions in the year following Rastatt could be kept as low as possible. In its Dispatch on the additional budget allocation I/2018, however, the Federal Council made it clear that from 2019 the allocation for transalpine UCT operating subsidies will once again be reduced to the level planned before the line closure in Rastatt. Accordingly the preliminary federal **budget for 2019** includes funds of **CHF 126.6 million**. About half of the necessary savings compared to 2018 will be made through significantly lower operating subsidies to the Rolling Highway. About CHF 103 million are available for transalpine UCT operating subsidies in 2019, i.e. about CHF 10 million less than in the previous year.

#### **4. Principles for granting subsidies**

The granting of all subsidy amounts is based on legally valid agreements between the Federal Office of Transport (FOT) and the operators concerned. Such agreements specify the numbers of trains and consignments planned and the maximum subsidies payable. These agreements are based on bids showing the numbers of trains and consignments planned and projected income statements.

The Confederation reserves the right not to conclude any subsidy agreement with any operator planning to operate an average of fewer than 24 trains per quarter.

The Confederation will grant subsidies agreed in advance for every train operated and every consignment transported. The Confederation's subsidy will amount to a maximum of the uncovered costs as shown on the projected income statement, which shall be the difference between projected costs and projected revenue (as stated in the bid).

The subsidy per transalpine consignment shall be the same for all unaccompanied combined transport consignments, and will be paid for every consignment sent.

The definition of a transalpine UCT consignment is based on that of the UIRR (International Union of combined Road-Rail transport companies). According to this, a consignment shall be:

- one semi-trailer;
- one swap-body longer than 8.3 metres (e.g. 30-foot, 40-foot or 45-foot container)
- one swap-body with a length of between 6.0 and 8.3 metres, if heavier than 16 tonnes;
- two swap-bodies with a length of between 6.0 and 8.3 metres (e.g. 20-, 23- or 25-foot containers), and weighing less than 16 tonnes;
- three swap-bodies smaller than 20-foot containers.



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The amount of subsidy payable per train is determined by the train's northern departure or destination station/terminal (hereinafter referred to as "place of origin" and "destination"). The subsidy is granted for every train that the operator actually operates.

Subsidies are paid only where the transalpine UCT service obviously reduces the number of road journeys via a Swiss alpine crossing by heavy goods vehicles. The key determiner, therefore, is whether the vehicle concerned would have been most likely to make its road journey through Switzerland in business-economic terms. Trains with a place of origin or destination that does not lie in one of the regions listed in Chapter 5 will not be subsidised.

Transalpine UCT offers with places of origin or destination in France outside one of the following regions are explicitly ineligible for subsidies from the Confederation:

- Hauts-de-France
- Île-de-France
- Grand Est
- Bourgogne-Franche-Comté (except for Burgundy, Lons-le-Saunier and Saint-Claude)

All transalpine UCT services with places of origin or destination in the following regions of Italy are ineligible for subsidies from the Confederation:

- Friuli-Venezia Giulia
- Trentino-South Tyrol
- Veneto

## **5. Subsidy rates per train and per consignment**

Subsidy rates are set annually by the FOT and take into account the expected traffic volumes, the relative competitive position of road and rail, the general pricing trends for road and rail, projected productivity trends, CHF/EUR exchange rates, cost and revenue developments and the amount of funding available.

For 2019 the maximum subsidy rates, which have been calculated in Swiss francs since 2012, will be as follows (subject to the provisions of Section 6.2):



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Region of train's place of origin/destination	Subsidy per consignment (in CHF)	Subsidy per train (in CHF)	Max. subsidy for a train (since 2017: 32 eligible consignments)
France	82	450	CHF 3,074
The Netherlands (excluding Limburg)	82	530	CHF 3,154
Limburg (NL)	82	700	CHF 3,324
UK, Belgium, Luxembourg, Scandinavia, northern Germany, Rhine-Ruhr and Main area	82	800	CHF 3,424
Southwest Germany and Switzerland	82	1650	CHF 4,274

#### Other provisions

- If the uncovered costs shown in the projected income statement are lower than the maximum subsidy rates given above, the Confederation will not pay more than the uncovered costs in the projected income statement. As a further general principle, the average subsidy payable per consignment for an existing route will not be higher than in the previous year.
- An average **maximum of 32 consignments** per train operated will be eligible for subsidies.
- The maximum per-train subsidy rate listed above will be reduced by up to 50% for trains with a planned average of less than 20 consignments.

## **6. Further provisions of the 2019 bidding procedure**

This section specifies all the further provisions of the bidding procedure. All these provisions must be observed in full for any such bid to be accepted by the FOT.



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## **6.1 *Deadlines for and content of bids, and agreements between the Confederation and the operator***

All bids must be submitted to the FOT by 15 November 2018.

The Excel files provided by the FOT for this purpose must be used for the bids.

The bid must contain:

- A projected income statement (in EUR). In converting to CHF, you should use an exchange rate of 0.88 EUR/CHF (as in previous year).
- The structure of the projected income statement should be the same as was used for the previous year. Any major deviations from the previous year's projected income statement – on both the cost and income sides – must be justified. The FOT has the right to request further documentation to support the plausibility of the details entered.
- Precise monthly figures for the number of trains and consignments planned (these details must be supplied using the Excel files provided by the FOT).
- Bank account details for transfer of the subsidy in Swiss Francs / CHF.
- The prior year's annual report, including the annual accounts and financial statements.

The income side of the projected income statement should show separately, under "Subsidies", whether and to what extent the combined transport service bid has received financial support from third parties (such as EU grants or funds from other countries/geographical areas).

If the FOT and the operator can agree on the numbers of trains and consignments and the subsidy rates, the FOT will send the operator for each relation a subsidy agreement to countersign. This will happen by the end of December.

The FOT may publish a list of all the trains and consignments ordered by the Confederation.

## **6.2 *Amendment of subsidy rates***

### **a) Reduction before subsidy agreements have been concluded**

The subsidy rates per consignment and per train given in Chapter 5 are based on the FOT's estimate of unaccompanied combined transport volumes. Should bids for more trains and/or consignments than expected be submitted to the FOT, the subsidy per consignment may subsequently be reduced, so that as many services as possible can be subsidised. The per-



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train subsidy will remain unchanged. In this event, the FOT would inform operators of the new subsidy rates before concluding the subsidy agreements. The operators would then have the opportunity to amend their bids or withdraw them.

#### b) Subsequent reduction of subsidies in the 4th quarter due to budget restrictions

The General Terms and Conditions for Subsidy Agreements will (as already in 2016 and 2017) include the possibility of reducing the subsidy rates subsequently in the 4th quarter: “If, as a result of the development of traffic volumes, it appears that the financial resources available under the budget will not be sufficient to subsidise all services at the agreed rate, the Confederation may reduce the subsidies in the fourth quarter by up to 15%. Any reduction in subsidies will be communicated by the FOT by the end of August 2018, at the latest.”

### **6.3 Amendments to an agreement in the course of the year**

In the case of new and amended bids (new agreements, increases or reductions in train and/or consignment numbers), revised train and consignment numbers and revised projected income statements may be submitted to the FOT on a quarterly basis. Agreements may not, however, be amended with retroactive effect: any amendments made will only be applicable to the remainder of the current year. Any such amendments must be submitted to the FOT at least 14 days before the beginning of the quarter concerned.

In the event of any such amendment, the existing agreement will be terminated and a new agreement concluded for the rest of the current year. If the amendment involves an increase in the number of trains and/or consignments planned, such services will only be ordered subject to the availability of the relevant subsidy funds in the budgets concerned. The final decision on whether an amendment will be accepted and/or new services ordered rests with the FOT.

### **6.4 Regular reporting to the FOT**

Subsidies will be paid to operators each month by the Confederation on the basis of the number of trains actually run and the number of consignments actually transported (hereinafter referred to as the “actual numbers”). These actual numbers must be reported to the Confederation by the 20th of the following month. If the actual numbers exceed the projected numbers specified in the corresponding agreement, the subsidy paid will be based on the projected numbers. In other words, no subsidy will be paid for any trains or consignments in excess of those projected.

In return for receiving operating subsidies from the Confederation, the operator also undertakes to maintain statistics on the punctuality of its operations and to submit reports to the FOT on these performance-quality data.



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The following information must be sent to the FOT using the (electronic) templates provided, or must be made accessible to the FOT on request.

<b>Information / periodicity</b>	<b>Deadline</b>
Train and consignment numbers (monthly)	January to November: by the 20th of the following month December: by 10 January 2020
Quality data	20 July 2019, 20 January 2020
Statement of actual costs and revenues per item	31 March 2020
Bids to amend train/consignment numbers (as and when required)	15 March 2019, 15 June 2019, 15 September 2019
All information and documents relating to the services ordered	At the FOT's request

### **6.5 Failure to meet deadlines**

Should the operator fail to observe the deadlines for communicating train and consignment numbers, submitting the quality data or providing statements of actual costs and revenues per item as specified in 6.3 above, the corresponding subsidies will not be paid until the following month (and will only be paid then provided all the data required, including those for the following month, are available).

### **6.6 Reduced subsidies if projected figures are not met**

To provide the Confederation with the soundest possible foundation for its budget planning, the FOT requires operators' projected figures that are as accurate as possible. In view of this, if an operator's actual train and consignment figures fall more than 15% short of the figures projected, the corresponding subsidies will be reduced as follows:

- If actual figures fall between 15% and 25% short of projections, the subsidies paid for all the trains and consignments run will be reduced by 2%.
- If actual figures fall more than 25% short of projections, the subsidies paid for all the trains and consignments run will be reduced by 5%.

Example: if an operator runs only 80% of the trains planned in a particular month, their total subsidy will be calculated as follows:



flat-rate train subsidy x 0.98 x number of trains actually run

Train cancellations due to *force majeure* (including natural disasters or strikes) will not result in any subsidy reduction. Details of any trains cancelled through *force majeure* must be documented separately for the FOT.

The above subsidy-reduction provisions will not apply to any new services from 2019, for the year in which agreements are concluded.

### **6.7 Final accounts for the 2019 subsidy year**

The FOT will send operators a final account in the first quarter of 2020 for the routes that are eligible for subsidy in 2019. The operators will then have a two-week period in which they may contest this account. Following this, the FOT will order the final subsidy payment.

This final account will also include subsidy payments for any trains run or consignments transported in addition to the monthly numbers planned which did not receive a subsidy at the time. With regard to such trains and consignments, the following provisions apply:

- Additional trains and consignments will only receive a subsidy if projected figures were not reached in other months. The maximum numbers of trains and consignments eligible for subsidy are the overall numbers shown for the duration of the agreement.
- If train or consignment numbers are amended in the course of the year, the above offset arrangement will only apply to the corresponding period(s) before or after such amendment.
- Train and consignment subsidies will be separately stated and paid. No offsets are permitted between train and consignment numbers.
- An average maximum of 32 consignments per train will be eligible for subsidy payments.

Under the subsidy reduction provisions, subsidies will be reduced if the actual numbers of trains run or consignments transported fall more than 15% short of those projected. The reduction may be effected on the monthly payments concerned in the course of the year. For the final statement and payment at the end of the year, any subsidy reductions effected during the year will be recalculated for the full agreement period. Like the monthly calculations, this overall calculation will pay due regard to any cancellations due to *force majeure*. If the newly calculated subsidy reduction is different from the total reductions made for individual monthly periods, this difference will also be reflected in the final subsidy payment. In accordance with the non-retroactivity principle, however, such compensation arrangements may not extend beyond the period of validity of each agreement.



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The final subsidy payment will also be subject to the provision that an average maximum of 32 consignments will be entitled to subsidy per train. If too many consignments have been awarded subsidies in the course of the year, this will also be reflected in the final subsidy payment.

## **7. Checking and auditing**

The FOT will audit operators receiving subsidies in accordance with the Federal Subsidies Act. Such audits will cover the services entitled to subsidy, as envisaged in the Federal Subsidies Act and the agreements concerned. The FOT will give operators due notice of any audits planned. The audits will be conducted at the operator's registered office, and will be based on the duty of recipients of financial aid and payments to provide information under Article 11 of the Federal Subsidies Act.

For further information please contact [abgeltungen-kv@bav.admin.ch](mailto:abgeltungen-kv@bav.admin.ch).