

## PRESS RELEASE

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### PUBLIC BODIES AND POLICIES

## HIGH-SPEED RAIL

### A model extended beyond its relevance

**The *Cour des comptes* has released a report on high-speed rail.**

**There is no questioning of the technical and commercial performance of high-speed train (the TGV) – at least until recently – and it users appreciate its speed. Beyond this, there is however a need to assess its real contribution to the society as a whole.**

**As a result of its audit, the *Cour des comptes* considers that the choice of new high-speed rail projects to provide public long-distance transportation must be accompanied by greater guarantees of relevance and profitability.**

#### **Automatically opting for high-speed rail**

The development of the TGV took place as a substitute for conventional long-distance Intercity trains. The preference for high speed resulted in a system with little consistence, in which TGV serving 230 destinations spend on average 40% of their time on conventional lines, thus requiring a large fleet of trains.

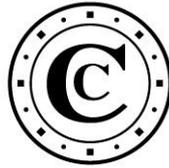
On some routes, the main conditions for the relevance of a high speed line (LGV - ligne à grande vitesse) are not met, namely: large population areas, high-speed travel time ranging from 1 and a half to 3 hours, few or no intermediate stops, high frequency of trains, high occupancy rates and good connections to other modes of transport.

The decision-making process that leads to building new lines in fact is biased in many ways favouring the choice of high speed: blueprints become binding in practice, expected passengers traffic volumes and value of travel time saved are too optimistic, premature announcements instead of formal decisions. Besides, the call to local authorities for financing involves expensive counterparts for their support and lastly, the financing for the line comes much too late. Finally, the environmental benefit, the impacts on territories and the economic effects of the TGV must be tempered.

It follows that the socio-economic cost benefit analysis of high-speed lines is systematically overestimated.

#### **A model that has run out of steam, with an unsustainable cost**

Since 2008, TGV passenger travel traffic volumes have stagnated, which is reflected in the turnover of the TGV activity within SNCF. In addition, the profitability of LGV decreases with the introduction of ever more expensive new projects. In addition, competition from other modes of transport (bus, carpools) is increasing.



SNCF is also facing growing costs due to the increase of rail tolls (+8.5% per year on average over the period 2007-2013) but also of other costs (+6.2 % per year over 2002-2009), including wage increases. In this context, the operating margin of the TGV activity has deteriorated significantly, from 29% of the turnover in 2008 to 12% in 2013.

For its part, the high level of the debt of the French Rail Network (RFF - *Réseau Ferré de France*) prevents new lines from being financed through new debt. Moreover, the suspension of the environmental tax, income from which the French Transport Infrastructure Agency (AFITF - *Agence de financement des infrastructures de transport de France*) was to benefit, has deprived the latter of resources, while this Agency has already been unable to meet its budget commitments in 2013. The funding of already decided LGV projects is not yet guaranteed.

## Recommendations

The Court issues eight recommendations, notably aimed at:

1. better integrating high-speed rail with the mobility options of the French users, making the TGV part of an offer that takes advantage of all means of transport and removing the restrictions on competition on long-distance modes of road transport;
2. progressively restricting the number of stops on LGV sections and TGV service on conventional routes and ends of lines, keeping only those justified by a large population base;
3. ensuring transparency of data from SNCF, especially passenger travel per line;
4. giving priority to the socio-economic assessment of announced LGV projects;
5. deciding to launch preliminary studies only after:
  - a business plan for the line has been defined, bringing in the infrastructure manager together with the railway operator (or the operators);
  - a formal joint ministerial decision has taken into account the financing prospects for the infrastructure project and the distribution amongst the actors (State, RFF, local authorities as appropriate);
6. ensuring payment by AFITF of its financial commitments to RFF and rapidly clarifying the issue of this agency's resources;
7. focusing primarily the financial resources on network maintenance rather than on the development of new projects and improving the management of rail network maintenance by the infrastructure manager;
8. ensuring that the definition of the future debt ratios of the infrastructure manager do not result in the funding of unprofitable projects.

**[Read the report](#)**

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