

PRESS RELEASE

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ENTITIES AND PUBLIC POLICIES

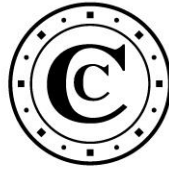
SNCF RÉSEAU A need to further reform

As a result of the 2014 railway reforms, France now has a unified full-fledged railway infrastructure manager in place in the form of SNCF Réseau, which is equipped with all the operational resources it requires to deliver on its remit. In 2018 a new reform transformed the organisation, with effect from the 1st of January 2020, into a public limited company, reporting to the new SNCF group, thereby ending as of this date the recruitment of personnel with special status. In spite of these reforms and the contribution represented by the government's taking on of part of its debt, SNCF Réseau's economic and financial model will have to demonstrate its stability by improving the company's performance, failing which it may sink back into excessive indebtedness in the future. The current rate of the company's investment also shows a decline in the network renovation drive that will, at constant size, be difficult to remedy without further government intervention.

A failed financial model

The government set SNCF Réseau the urgent task of renovating the national railway network, when it was observed after 2005 that it was ageing and deteriorating at an alarming rate. Its efforts have put a halt to its ageing, but have so far failed to stabilise it and modernise it for the long term. Reliability remains the primordial concern, as a consequence of infrastructure failures, three quarters of which relate to signalling. Where these regeneration and modernisation investments ought to be stepped up, the 2017-2026 performance deal between the government and SNCF Réseau actually provides for a reduced contribution in constant euros from 2020 onwards. Moreover, the royalties that SNCF Réseau earns from its user transport companies are not currently sufficient to allow the company to finance these investments on its own, especially as the lesser-used parts of this network are costly to maintain but generate little in the way of income for the company. Although the increases in royalties that have been pushed through so far are above the European average, they have hit a wall in so far as they actually deter railway traffic.

As it has been unable to finance these measures on its own and with no support forthcoming from the government, SNCF Réseau has had to borrow heavily, resulting in its debt ballooning to €46.6bn by the end of 2017, and is set to hit €62.6bn by 2026. The declared taking on of €35m of this debt by the government will significantly reduce the company's interest burden, but will not release the government from helping to fund the network's renovation.



Essential modernisation of network management tools and methods

The Cour des Comptes has reviewed SNF Réseau's three key missions: organising network access, traffic management and infrastructure maintenance. In spite of a raft of major reforms launched over the last year, the modernisation of SNCF Réseau's industrial processes remains inadequate and lags behind that of its neighbouring countries, thereby weighing on the company's performance and costs.

The configuration of the service timetable still does not fully exploit the network's sales capacity. Traffic management is still based on insufficiently automated procedures, especially for managing points. Improvements in network maintenance methods are slow, in spite of significant progress in terms of industrialisation, automation and outsourcing. Delays and problems with various IT projects have also hampered the development of SNCF Réseau's methods.

Introduction of sustainable economic equilibrium

To restore its financial equilibrium for the long term, SNCF Réseau must introduce recovery measures by generating genuine productivity gains and by bringing its operating costs under control.

The main obstacle is the cost of personnel, who are motivated by a rapid career progression that is protected by the railway workers' special status, and a generous incentive scheme. Rigid working practices also result in additional costs relating to overtime, rest days and jobs. Although the modernisation of SNCF Réseau's tools and methods, especially the development of automation and the use of outsourcing, ought to have reduced staff numbers, it has had quite the opposite effect.

Lastly, the company has been slow to draw organisational conclusions from the 2014 reform, which merged three entities into a single company. Outside the Ile-de-France region, its organisation has continued to juxtapose pre-existing structures with it, especially in its regional branches. It was only in 2018 that a restructuring intended to address the institutional separation and duplication observed was embarked upon.

The Cour des Comptes has issued five recommendations for the government and/or SNCF Réseau.

[Read the report](#)


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