

FINANCING MODEL FOR CROSS BORDER PASSENGER TRANSPORT CARINTHIA- KOROŠKA

Report D.T2.2.2

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KÄRNTNER LINIEN



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1. INITIAL SITUATION

Initial situation was in details described in 2nd Progress Report D. T2. 1. 4 “Regional action plan for improving crossborder public transport Carinthia-Koroška based on regional analysis” (onward Regional Action Plan). At this point we summarize key focus points of the Regional Action Plan.

1.1. LEGAL FRAMEWORK

In Slovenia, there is no public transport act dealing with all modes public passenger transport, there are separate acts for road and railway transport.

In Austria, the legal basis for public transport is the law so called “Öffentlicher Personennah- und Regionalverkehrsgesetz 1999” (ÖPNRV-G 1999).

1.1.1. RAILWAY PASSENGER TRANSPORT

The railway passenger transport in Slovenia is regulated on the national level by Railway Transport Act (Official Gazette of the Republic of Slovenia, No. 99/15, 30/18), article 6. Domestic and regional crossborder passenger transport is provided by the state as a mandatory public service to the extent determined by the transport policy. Timetables are prepared by the operator upon prior consent of the Ministry of Infrastructure. If the needs of the inhabitants of a particular area are greater than the transport provided local communities could finance additional services in accordance with their needs and possibilities. Details on public railway passenger service are determined by the Decree on the mode of providing public service obligations in inland and crossborder regional railway passenger transport (Official Gazette of the Republic of Slovenia, No. 99/08), public service is defined in article 3. According to the decree the state provides services in cross-border regional rail transport in the public interest and fulfills the obligation to provide uninterrupted mobility in the European geographical area. Currently, Slovenske železnice (Slovenian Railways) company has exclusive right to provide above mentioned public service. A compensation is paid to the operator to provide the public service. According to the Slovenian legislation crossborder railway passenger transport is integrated with inland (domestic) railway passenger transport. That concerns the financing as well.

In Carinthia in Austria there is no tendering process regarding railway service until 2028.

1.1.2. BUS PASSENGER TRANSPORT

The bus passenger transport in Slovenia is regulated on the national level by Road Transport Act (Official Gazette of the Republic of Slovenia, No. 6/16), article 50 defines public service. The state ensures the public passenger transport as a public service and awards concessions to the most favourable transport providers on the basis of a public tender. With the exception of urban public transport which is regulated by the cities. There is no urban public transport in the Koroška region in Slovenia. Different than for the railway passenger transport Road Transport Act distinguishes between inland (domestic) and international passenger service. Details for the inland (domestic) passenger service are determined in Decree on the Implementation of the public services regular passenger service in the internal road and concession of public service (Official Gazette of the Republic of Slovenia, No. 29/19). Decree determines list of lines, accessibility standards, tariffs and concessions awarding. Financial compensations are determined in article 69. Different



than for the railway passenger transport until 2019 bus passenger public service has not included cross border regional traffic. Within TRANS-BORDERS project article 50 of Road Transport Act in Slovenia was amended as proposed by project partner ZRC SAZU - cross border local/regional public bus service to the next bus station across the state border was made possible. But some preconditions should be fulfilled at first. Namely bus stops across the border should be determined with consensus of the neighbouring country. In September 2020 workshop for short and long-term financing model with key national stakeholders from Slovenia and Austria in Ljubljana has been carried out. Ministry of infrastructure and Land Kärnten (Abteilung 7) have agreed to work further on this matter

Bus company Nomago has rights to transport passengers as a public service in Koroška region in Slovenia. A compensation is paid to the operator to provide the public service. While the current concessionaire in the Slovenian part of the Lavamünd-Velenje connection is Nomago d.o.o, there is no public transport service available in the Austrian part between the Vič border crossing and Lavamünd.

In Carinthia in Austria there is a tendering process for the bus lines in defined regions and the winner of the tendering process get a contract for five up to seven years. No other company is allowed to offer public transport services in that area.

International bus lines are regulated according to European legislation. There is no special regulation for local (regional) crossborder lines. There is no legal basis for the crossborder lines to be cofinanced by the state or by local communities. Due to exclusive rights of transport operators who provide public service in Slovenia it is not allowed to any other operators to transport passengers between two bus stops in Slovenia. There were several discussions between Slovenian TRANS-BORDERS partners and competent Slovenian authority (Ministry of Infrastructure) to include the local crossborder bus services in national public service (in similar way as rail services). As a result changes of Road Transport Act have been proposed and accepted.

1.2. CURRENT DEMAND

Current demand and commuting patterns data and information presented in Regional Action Plan indicated considerable efforts should focus on further upgrading existing cross border possibilities provided by railway line corridor between Maribor and Bleiburg/Pliberk. This railway line corridor, which will be directly connected to the Koralm Railway, has at least a potential like the Micotra - best practice railway line between Villach and Udine/Trieste. Since there is not only potential in sustainable mobility for leisure time (tourism) as well as for the daily mobility (e. g. work or education). European Commission *Comprehensive analysis of the existing cross border rail transport connections and missing link on the internal EU borders* has recognised rail connection Klagenfurt-Bleiburg-Maribor as one of the potentially most beneficial projects along with other 47 cross border rail transport connections. Even more, rail connection Klagenfurt-Bleiburg-Maribor has along with other 18 project been put into highest category "high need for improvement of cross border passenger services on operational infrastructure".¹

Current demand, commuting patterns data and information indicated cross border connection from Dravograd to the Lavamünd/St. Paul by bus will most likely remain of low importance for the daily mobility at least by the operation of Koralm Railway in 2025. The multimodality node in St. Paul will most likely generate demands not present today and serve as a regional passenger hub for the high speed connections within the broader cross border region. But cross border region offers considerable amount of cycling infrastructure and developed tourism and recreational products. Season bus line supporting cycling as a leisure and tourism activity was proposed in Regional Action Plan and implemented as a TRANS-BORDERS project pilot action in 2019 and 2020.

¹European Commission, *Comprehensive analysis of the existing cross border rail transport connections and missing link on the internal EU borders*, 2018



Short-term and long-term measures were proposed in Regional Action Plan. Financing model is focused on short term measures implemented as pilot activities within TRANS-BORDERS project. Long term measures are mentioned in the forewords of the following bus and railway chapters.

2. BUS PUBLIC PASSENGER SERVICE

Changes of Road Transport Act in Slovenia were precondition to subsidize cross-border public bus transport until 2019. This has been regarded as a long-term measure. Proposal of changes were prepared by ZRC SAZU within the TRANS-BORDERS project and sent to Ministry of Infrastructure. As a result article 50 of Road Transport Act in Slovenia was amended in 2019 as proposed - cross border local/regional public bus service to the next bus station across the state border was made possible. But some preconditions should be fulfilled at first. Namely bus stops across the border should be determined with consensus of the neighbouring country. In September 2020 workshop for short and long-term financing model with key national stakeholders from Slovenia and Austria in Ljubljana has been carried out. Ministry of infrastructure and Land Kärnten (Abteilung 7) have agreed to further work on this matter. Furthermore project idea for Interreg Slovenia-Austria 2021-2027 activities has started including further development of cross border bus line Velenje-Lavamünd.

2.1. SEASON BUS LINE (WOLFSBERG)-LAVAMÜND-DRAVOGRAD (MARIBOR)-VELENJE, D.T2.3.5

Setting up season bus line Lavamünd-Dravograd-Velenje was proposed as a short-term measure in Regional Action Plan. Initially proposed line was according to the in-depth study extended with bus service Lavamünd-Wolfsberg. Both lines have had harmonized time tables with interchange option at mobility node at Lavamünd Badese. As a TRANS-BORDERS project pilot action bus line was implemented and evaluated in years 2019 and 2020.

Slovenian and Austrian TRANS-BORDERS project partners have agreed to carry out certain promotion and marketing activities as a common activities while others separately as according to the target groups and market specifics.

Section	Bus service provider	Comment
S1: Velenje-Dravograd	Nomago	Registered and included in the Slovenian national public service
S2: Dravograd-Lavamünd	Nomago	Registered as international line
S3: Lavamünd-Wolfsberg	ÖBB-Postbus GmbH	Registered and included in the Austrian national public service



2.1.1. Section S1: Velenje-Dravograd and section S2: Dravograd-Lavamünd

RRA Koroška (onward RRA), VKG - Verkehrsverbund Kärnten (onward VKG) and Nomago have concluded and signed tripartite Cooperation Agreement for financing sections S1: Velenje-Dravograd and Section S2: Dravograd-Lavamünd. Cooperation Agreement was signed in the second half of April 2019.

On the former section Nomago has registered bus line in the frame of national public service according to the Slovenian Road transport Act and will receive compensation from the Ministry of Infrastructure.

Transport service on the agreed route was in 2019 running twice per year, whereas:

- in the period from 1 May 2019 to (including) 30 June 2019 and from 1 September 2019 to (including) 30 September 2019 services was only performed on Saturdays, Sundays, and holidays in Slovenia and Austria;
- in the period from 1 July 2019 to (including) 31 August 2019 the service was performed every day.

The price for transportation on the above specified route amounts to €311.00 per day (9.5% VAT included).

The difference in the price offered by the Service Provider, namely the difference between the revenue from ticket sales and the public service compensation, shall be covered by the Contracting Entity with funds from the TRANS-BORDERS project.

VKG and RRA agree to share the costs according to the length of the connection in each country:

- the regular international connection between Labot/Lavamünd and Dravograd accounts for 21.28% of the entire connection;
- the regular interurban connection between Velenje and Dravograd accounts for 78.72% of the entire connection.

The maximum estimated cost per year, taking into account the compensation from Ministry of Infrastructure, is €30.167,00 (VAT included) for the entire connection.

With regard to the above, the maximum estimated cost per year, taking into account the above compensation and VAT, amounts to:

- €6.418,51 (VAT included) for the Austrian partner VKG;
- €23.748,49 (VAT included) for RRA.

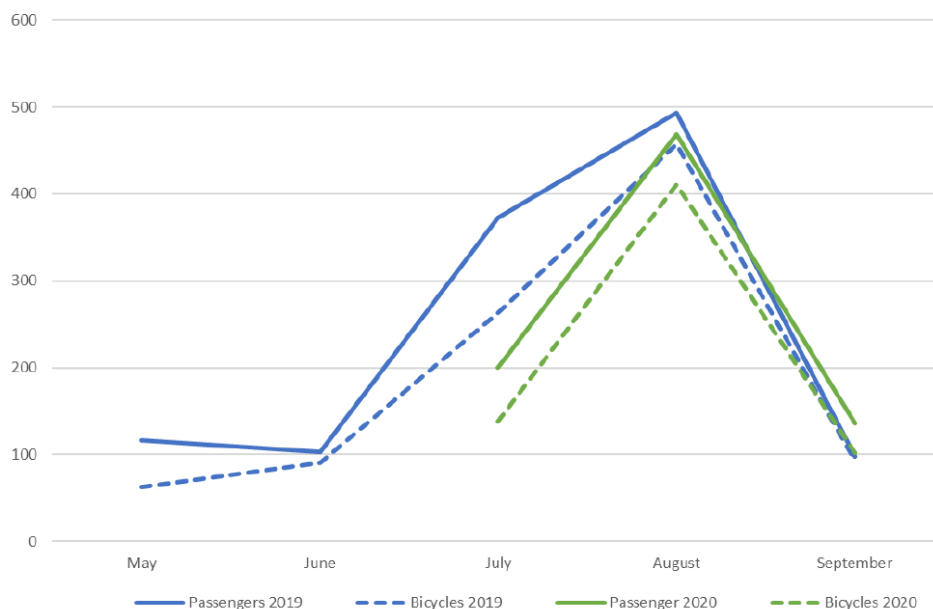
The Service Provider Nomago calculates the amount to be paid monthly based on the monthly record of tickets sold and the number of passengers at bus stops, previously agreed and confirmed by the Contracting Entity of Cooperation Agreement.

In 2020 new Cooperation Agreement for bus service on sections S1: Velenje-Dravograd and S2: Dravograd-Lavamünd was signed. Minor modifications regarding itinerary and time table were implemented as a pilot action learning loop.



Figure 1: passengers and bicycles transported on sections S1 and S2 together in 2019 and 2020

Bus Velenje-Lavamünd 2019 and 2020 season



2.1.2. Section S3: Lavamünd-Wolfsberg

VKG - Verkehrsverbund Kärnten (onward VKG) and ÖBB-Postbus GmbH (onward Postbus) have concluded and signed a cooperation Agreement for financing section S3: Lavamünd-Wolfsberg.

Transport service on the agreed route was in 2019 running as follows:

- in the period from 1 May 2019 to (including) 30 June 2019 and from 1 September 2019 to (including) 30 September 2019 services was only performed on Saturdays, Sundays, and holidays in Slovenia and Austria;
- in the period from 1 July 2019 to (including) 31 August 2019 the service was performed every day.

Tariff:

- For passenger transport the tariff of the “Kärntner Linien” is used. The bicycle transport takes place in the first year of contract for free, so that in the first year of the contract the passenger have to pay only the tariff for passenger transport. The costs for the bicycle transport are borne by Postbus as an advertisement for the introduction of the cycle bus. Tariff changes can be made by mutual agreement.



Remuneration and billing:

- The transport company is given, due to the design of the contract as a service concession, the greatest possible freedom of design in determining the provision of transport services and fare pricing. Following this principle, the system implemented in the contract is based on the following funding pillars:
 - a) Fares: traffic is paid in part on the basis of fare income, which may vary in each contractual year.
 - b) In addition, the transport service is partly financed by a service charge of EUR 490.00 per day from Monday to Friday and EUR 590.00 per day on Saturdays, Sundays and public holidays plus VAT.

The performance fee for the transport services is calculated on the basis of the VAT-adjusted fare income pursuant to lit. a and the performance allowance according to lit. b together.
- The settlement of the service charge to lit. b take place at the end of the month afterwards.

On segment S3 Lavamünd-Wolfsberg in 2019 360 passengers were transferred (no option for counting bicycles was provided by bus operator).

3. RAILWAY PUBLIC PASSENGER SERVICE

Promotion, marketing and common ticketing would be needed to fully develop potential of cross border possibilities provided by railway line corridor between Maribor and Bleiburg/Pliberk as concluded in Regional Action Plan.

Common ticketing along with Slovenian Railways and ÖBB discussions to expand/enhance working days connections after 2020 can be regarded as long-term measure.

Initially planned working days connections enhancement is facing some obstacles at the moment. Slovenian Railways will include 52 new Stadler trains in the Slovenian railway network after year 2020. This could be an opportunity to replace current Fiat trains on the Maribor-Bleiburg section with some others replaced by new Stadler trains in the 2021. ÖBB made an offer for using/renting their Siemens train already in 2020 for around 420.000 EUR per year according to Slovenian Infrastructure Agency saying. For this option Slovenia is facing some 1/3 deficit of needed funding at the moment as according to the Slovenian Railways and Slovenian Infrastructure Agency estimates. Slovenian Railways and ÖBB are continuing discussions on this matter. Nevertheless, Slovenian Railways have once more emphasised serious limitation of outdated infrastructure on the Slovenian side. Infrastructure improvements along with automated railway traffic management would be needed to fully develop potential of cross border railway line. During several meeting with Slovenian Infrastructure Agency issue of upgrading Slovenian part of railway line with proposal for measures (infra- and non-infrastructural) was adequately included in study for upgrading regional railway lines in Slovenia in 2019. Slovenian part of the railway line was included on the list of national important investments for recovery after covid19 epidemic in addition. Furthermore, project idea for Interreg Slovenia-Austria 2021-2027 activities has started including further development of cross border railwayline Maribor-Bleiburg.



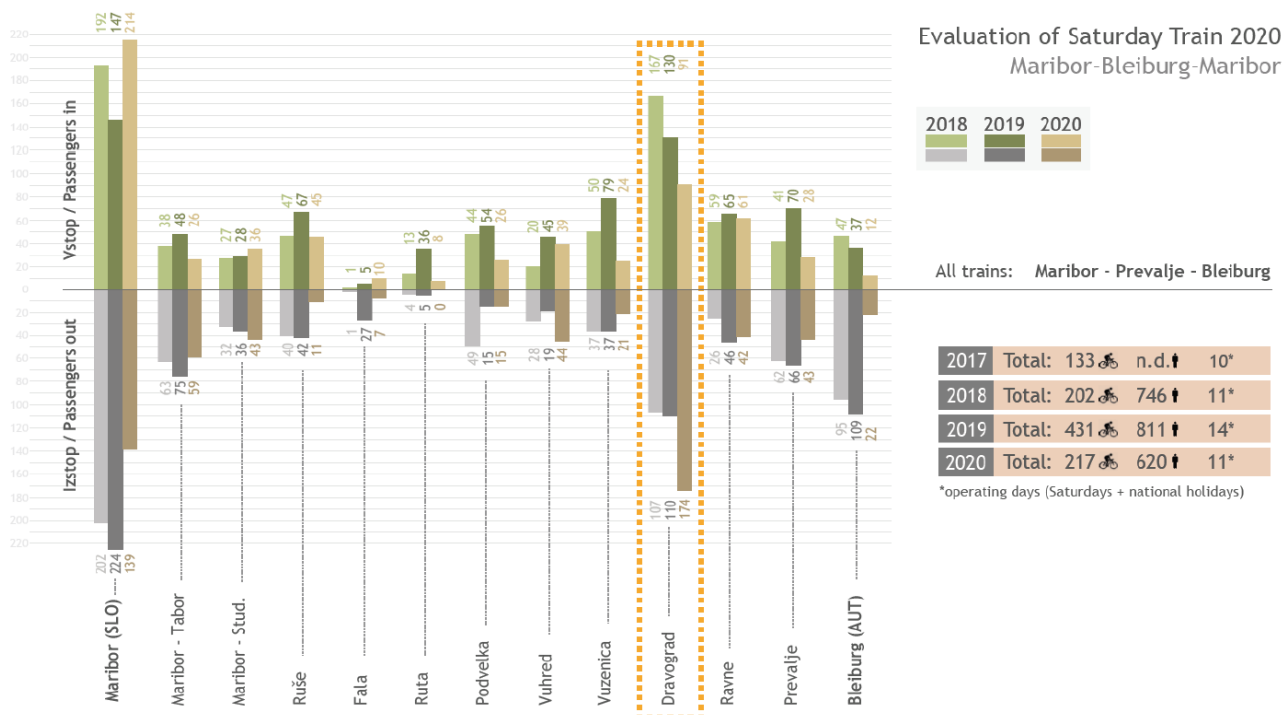
3.1. SUMMER TRAIN D.T2.3.8

Saturday summer trains between Maribor and Bleiburg were added as a service within TRANS-BORDERS project in 2018. In 11 Saturdays 746 passengers (142 of them cross border) and 202 bicycles were transferred. Service is in details described in Regional Action Plan.

In 2018 service was financed as a regular public service for which operator received a compensation by the state. Some promotional activities were done by RRA Koroška through TRANS-BORDERS project funding.

In 2019 Slovenian Infrastructure Agency and RRA Koroška have agreed to run Saturday summer train as in 2018 with addition of some Slovenian national holidays: 1 and 2 May, 25 June and 15 August. Additional service was partially covered by the state and partially by RRA Koroška through TRANS-BORDERS project funding. Since additional service was done on working free days costs with personal needed to operate infrastructure of the railway line and train stations occurred. Railway line infrastructure on the Slovenian side is still operated manually. This cost was covered by RRA Koroška and amounted to 9.791,23 EUR (including VAT). A binding legal agreement between Slovenian Railways and RRA Koroška for financing service was signed in the beginning of April 2019. With some limitations due to covid19 epidemic saturday summer trains were operating in 2020 as well. Additional dates of national holidays service costs were all covered by the state thus providing sustainability for TRANS-BORDERS project pilot action.

Figure 2: passengers and bicycles transported on Saturday train per train station between 2018 and 2020 (in 2017 train was running only until train station Prevalje in Slovenia and only total number of carried passengers was provided by the operator)





4. JOINT DEVELOPMENT OF A SUSTAINABLE FINANCING MODEL FOR CROSS BORDER PASSENGER TRANSPORT BETWEEN CARINTHIA (AT) AND KOROŠKA (SLO)

The application form stated deliverable description: " Joint development of a sustainable financing model for cross border passenger transport between Carinthia (AT) and Koroška (SLO) which will be embedded in the regional strategies for public transport in Carinthia and Koroška (government document)."

The railway passenger and bus public passenger transport In Slovenia is regulated at the national level. There is no public transport act and subsequent agency dealing with all modes of public passenger transport in Slovenia at the moment. There are separate acts and subsequent agencies for road and railway transport. With the support of the TRANS-BORDERS project regional development agency has been able to act as a multisectoral coordinator for overcoming sectoral planning on the state level. And as a bridge for regions' local communities with the state level planning and decision making. This kind of approach was first developed by the RRA Koroška for planning and carrying out core cycle network within the region. Approach proved to be successful and was further developed for the cross borders and public transport planning in general within the TRANS-BORDERS project.

Local communities and regional development agency have limited capabilities to influence on state regulated public transport including cross border passenger transport. Local and regional stakeholders in Slovenia can only propose ideas/measures and lobby for their implementation with key national stakeholders (policy makers, service providers). This is relevant for the strategic public transport planning as well.

Through TRANS-BORDERS project activities, it has come clear developing joint sustainable financing model for cross border passenger transport between Carinthia and Koroška was a bit too optimistic. This is the main reason it has been reasonable to focus on financial aspects of two pilot actions within TRANS-BORDER project both with cross border dimension. Namely D.T2.3.5 season bus line and D.T2.3.8 summer cycling train.

Financial aspects of project pilot actions were regarded as short term measures for broader issue of cross border public transport in this territory. Nevertheless, long term measures were briefly elaborated as well (pages 4 and 7).

But financial model of cross border season bus line, especially segment Velenje-Lavamünd (figure 3), could serve as a future model for cross border bus services between Carinthia and Koroška region/Slovenia (figure 4).

In years 2019 and 2020 TRANS-BORDERS funding and compensation to provide the public service in Slovenia were source of funding. After project end key regional stakeholders in Slovenia and Austria were able to guarantee funding for the bus line operation in 2021. Instead of TRANS-BORDERS funding RRA Koroška, four Slovenian municipalities and Verkehrsverbund Kärnten stepped in.

Within TRANS-BORDERS project article 50 of Road Transport Act in Slovenia was amended as proposed by project partner ZRC SAZU - cross border local/regional public bus service to the next bus station across the state border was made possible. But some preconditions should be fulfilled at first. Namely bus stops across the border should be determined with consensus of the neighbouring country. In September 2020 workshop for short and long-term financing model with key national stakeholders from Slovenia and Austria in Ljubljana has been carried out. Ministry of infrastructure and Land Kärnten (Abteilung 7) have agreed to work further on this matter. In addition, Slovenia will award new bus passenger transport concessions on the basis of a public tender in 2021. At this moment (june 2021) it is not clear whether cross border bus line such as Velenje-Lavamünd could be a part of concessions but there is a will to secure this.

Figure 3: Bus line consists of two segments; Velenje-Lavamünd with bus operator Nomago, Lavamünd-Wolfsberg with bus operator Postbus (map: Verkehrsverbund)

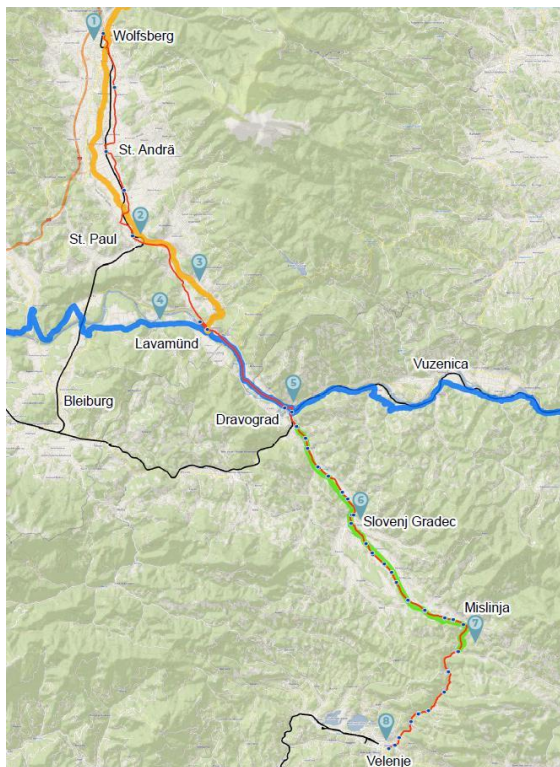


Figure 4: Financial model of bus line Velenje-Lavamünd segment based on TRANS-BORDER pilot action experience

Section	Bus service provider	Comment	Source of funding (years 2019, 2020)	Source of funding (year 2021)	Source of funding (year 2022 - projection)
Velenje-Dravograd	Nomago	Registered and included in the Slovenian national public service	Ministry of infrastructure (compensation to provide the public service), RRA Koroška (TRANS-BORDERS project)	Ministry of infrastructure (compensation to provide the public service), RRA Koroška and four municipalities in Slovenia	Ministry of infrastructure (compensation to provide the public service)
Dravograd-Lavamünd	Nomago	Registered as international line*	Verkehrsverbund Kärnten GesmbH (TRANS-BORDERS project)	Verkehrsverbund Kärnten GesmbH	Verkehrsverbund Kärnten GesmbH





To sum up regardless limited capabilities to influence state regulated public transport in Slovenia project partners and activities within TRANS-BORDERS project were able to:

- amend article 50 of Road Transport Act in Slovenia;
- keep cross border public transport topic on the agenda of Common Board Slovenia - Austrian Carinthia (initiative by Slovenian Ministry of Foreign Affairs and Land Kärnten);
- bring cross border public transport and needed measures into Sustainable Urban Mobility Plan for Koroška region in preparation;
- bring cross border public transport and needed measures into programming for EU financial perspective 2021-2027 in Slovenia (for instance into Regional Development Plan for Koroška Region 2021-2027 in preparation).