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To: Competition and Markets Authority (CMA)

Competition in passenger rail services in Great Britain

First of all, a lot of thanks to Competition and Markets Authority (CMA) organising this important consultation.

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Competition and Markets Authority (CMA) can add the PDF file of this opinion to a relevant web page.

Annex 1 holds information about disclaimers and copyright.

Best Regards,

Jukka S. Rannila
citizen of Finland
signed electronically

38

39 General: about the web pages

40

41 Here we can note the following web pages:

42

43 Competition and Markets Authority (CMA)

44 <https://www.gov.uk/government/organisations/competition-and-markets-authority>

45

46 Consultation: Competition in passenger rail services in Great Britain

47 <https://www.gov.uk/government/consultations/competition-in-passenger-rail-services-in-great-britain>

48

49

50 Office of Rail and Road (ORR)

51 <http://orr.gov.uk>

52

53 Transport Focus

54 <http://www.transportfocus.org.uk>

55

56 Some personal opinions in Finnish

57

58 On 2014 I published a self-publication in Finnish. One chapter (SL 58) is about privatisation and
59 nationalisation; then I assess especially privatisation and nationalisation of rail transport.

60

61 SL 58: Yleisesti: Yksityistäminen vai kansallistaminen?

62 Rannila, J. S. (2014). LIITE 1: mielipiteitä erilaisista aiheista (1998-2014)

63 sähköisessä muodossa. Jalasjärvi: Jukka S. Rannila.

64 Available: <http://www.jukkarannila.fi/julkaisut.html>

65

66 The framework for assessing privatisation and nationalisation

67

68 I have constructed the following table for assessing privatisation and nationalisation

69

TECHNICAL INNOVATION	Access	Usage	Maintenance	Defects
Ownership	???	???	???	???
Membership	???	???	???	???
Agreement	???	???	???	???

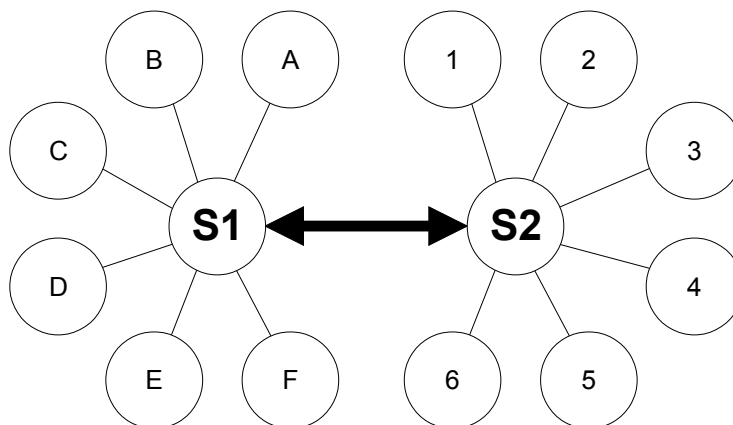
70

71 Connections between different technical innovations (systems approach)

72

73 In reality we have several connections between between different technical innovations. In reality
74 we have to use several technical innovations in our daily life. Therefore we could take a systems
75 view when assessing different technical innovations

1-2

76
77

78 We can note that in this case there can be two systems (S1 ↔ S2) which are somehow connected.
79 On the other hand two systems (S1 ↔ S2) can have different connections to other systems (A-F and
80 1-6)

81

82 **Problems with conceptualisations in English?**

83

84 Based on the Finnish opinion (Rannila 2014) we have note that the Finnish terms have different
85 meanings in English. Here we can note following Wikipedia articles.

86

87 Track (rail transport) (on a railway or railroad)

88 [https://en.wikipedia.org/wiki/Track_\(rail_transport\)](https://en.wikipedia.org/wiki/Track_(rail_transport))

89

90 Road

91 <https://en.wikipedia.org/wiki/Road>

92

93 **The Finnish case: seasons in Finland**

94

95 Seasons in Finland

96 <http://en.ilmatieteenlaitos.fi/seasons-in-finland>

97

98 Here we can note that there are serious challenges in Finland for rail transport; for example there
99 can be several snowstorms during a year. All this means that we have to be well prepared to severe
100 weather changes in Finland.

101

102 **The missing part from the consultation documents?**

103

104 I tried to find the term “weather” from the consultation documents: summary (29 pages);
105 discussion document for consultation (163 pages); appendices (16 pages).

106

107 There is a document called “Reacting to extreme weather on the railways” published by Transport
 108 Focus.

109
 110 Here we can note the search page from the web page provided by the Office of Rail and Road
 111 (ORR):

112
 113 Search: Office of Rail and Road
 114 <http://orr.gov.uk/search>

115
 116 The term “weather” gives (on 14 October) us three results:

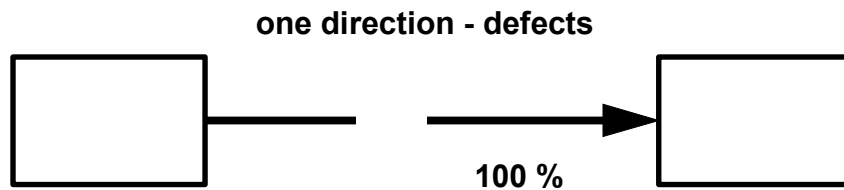
117
 118 Service disruption
 119 <http://orr.gov.uk/info-for-passengers/service-disruption>

120
 121 Regulator tells rail industry to learn lessons now
 122 <http://orr.gov.uk/news-and-media/email-alerts/2011/regulator-tells-rail-industry-to-learn-lessons-now>

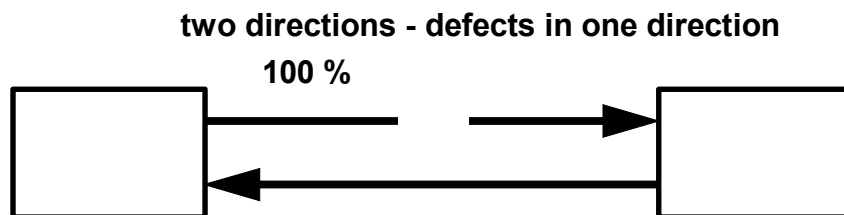
123
 124 Regulator concerned about the resilience of Britain’s railways
 125 <http://orr.gov.uk/news-and-media/press-releases/2013/regulator-concerned-about-the-resilience-of-britains-railways>

126
 127
 128
 129 **100 % / Different possibilities for defects / Tracks**

130
 131 Here we can note that there can a track to one direction. When there is a defect in a track there will
 132 be a 100% breakdown – not 0-100 %.

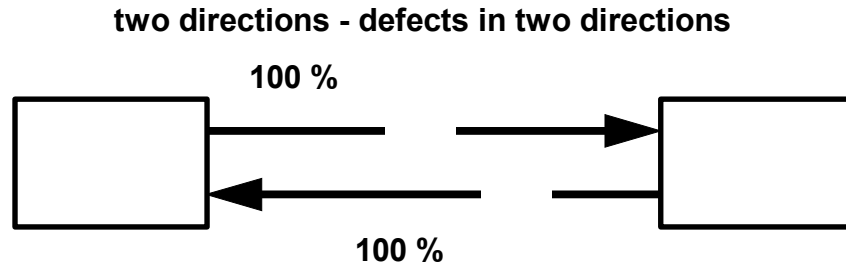


134
 135
 136 There can be two tracks and both have different directions.

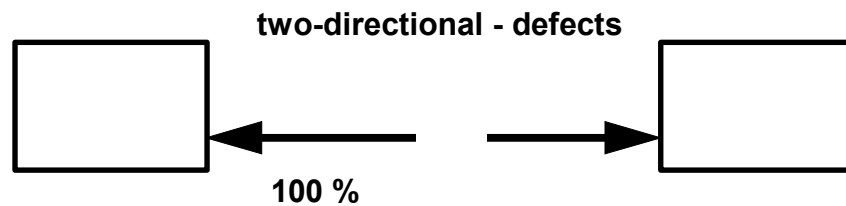


138
 139
 140 There can be a 100 % breakdown in the other track – not 0-100 %.

141
 142 Then there can be a 100 % breakdown in both tracks.
 143



144
 145
 146 Then there can a two-directional track. There can be a 100 % breakdown in one two-directional
 147 track – not 0-100 %.
 148



149
 150
 151 **Hard infrastructure / Soft infrastructure**

153 Hard infrastructure
 154 https://en.wikipedia.org/wiki/Hard_infrastructure

156 Soft infrastructure
 157 https://en.wikipedia.org/wiki/Soft_infrastructure

158
 159 Here we can note that there is hard infrastructure and soft infrastructure.

160
 161 Soft infrastructure refers to all the institutions which are required to maintain some hard
 162 infrastructure. Hard infrastructure term refers to transportation infrastructure, energy infrastructure,
 163 water management infrastructure, communications infrastructure, etc. technical infrastructure.

164
 165 This consultation is mostly about soft infrastructure. We have to note that different (social)
 166 institutions can not bypass very tedious technical details in different technical solutions. Especially
 167 with different defects there has to be well-trained technical personnel to solve different defects.

168
 169 **Access, usage, maintenance, defects (correction)**

170
 171 Now we can fill previously mentioned table with different actors mentioned on the consultation
 172 documents.

RAIL TRANSPORT	Access	Usage	Maintenance	Defects
Ownership		Train operators Network Rail	Train operators Network Rail	Train operators Network Rail [Emergency]
Membership				
Agreement	Government Train operators	Passengers Train operators	Train operators Network Rail Government	Train operators Network Rail Government [Emergency]

173

174 This consultation is mostly about access and usage of rail transport network. In defects and
175 maintenance columns there are many actors since the ownership of tracks and ownership of trains is
176 divided to several owners. In average usage passengers can travel by train without problems.

177

178 There will be problems when there is some maintenance work and correction of defects. In both
179 cases there can be a 100 % breakdown for some tracks.

180

181 The problem will be the communication overload when there are some breakdowns; here we can
182 calculate some chains of communication.

183

184 (a) 10 000 customers ↔ 10 train operators ↔ 10 track owners

185 (b) 10 000 customers ↔ 10 train operators ↔ 1 track owner

186 (c) 10 000 customers ↔ 1 train operator ↔ 1 track owner

187 (d) 10 000 customers ↔ 1 train operator and track owner (only one community)

188

189 Then we can calculate different numbers for these communication chains:

190

191 1 000 000

192 100 000

193 10 000

194

195 The number of communication connections (networks) between different communities will be
196 higher when there are more communities. More communication connections (networks) will result
197 more possibilities for different communication problems.

198

199 According to my understanding we have (c) one train operator and one track owner in Finland.

200 There have been a lot of discussions about privatisation of different parts of the Finnish rail
201 transport system.

202

203 Then there are different actors when there is an emergency situation. I tried to find the term
204 “emergency” from the consultation documents: summary (29 pages); discussion document for

205 consultation (163 pages); appendices (16 pages). (Perhaps I used a wrong term)

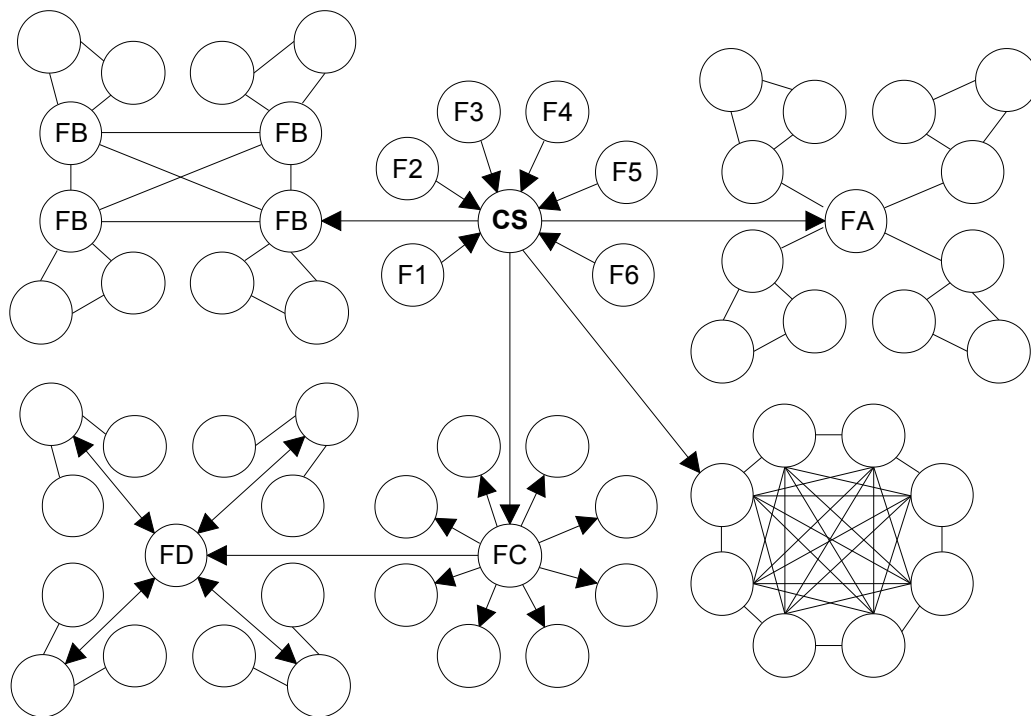
206

207 Depending on the emergency situation there can be a lot of different actors. It can be noted that the
208 whole rail transport system can have problems in a emergency situation – e.g. in Finland we can
209 have severe snowstorms during the winter season. Regardless of the all preparatory efforts before
210 snowstorms there are serious problems for the Finnish rail transport system during snowstorms.

211

212 **Back to the systems approach?**

213

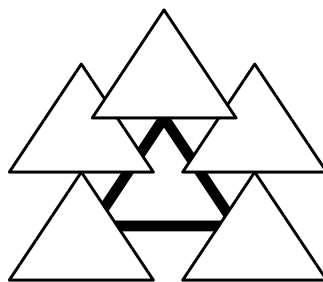


214

215

216 There can some central systems (CS) which can then have connections to other systems. It can be
217 also noted that there are also data/information connections between different systems – e.g data
218 formats (FA, FB, FC, FD). In reality there will be some complex (information) systems networks
219 and rail transport systems are just one part of these complex (information) systems networks

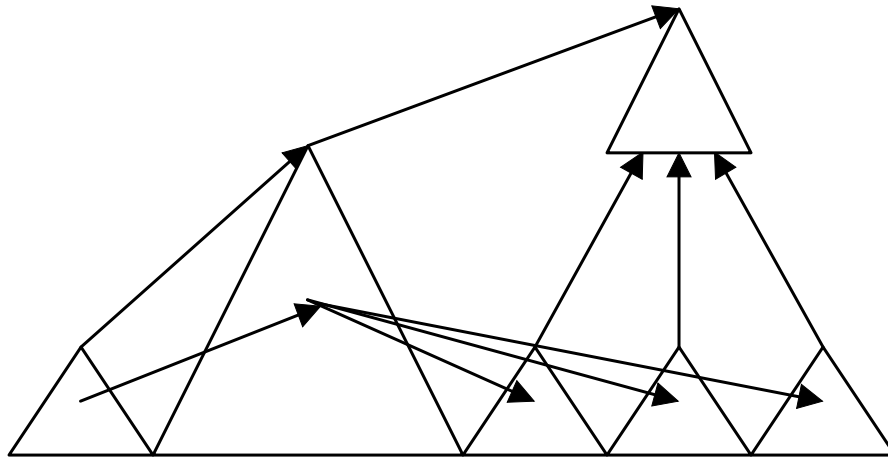
220



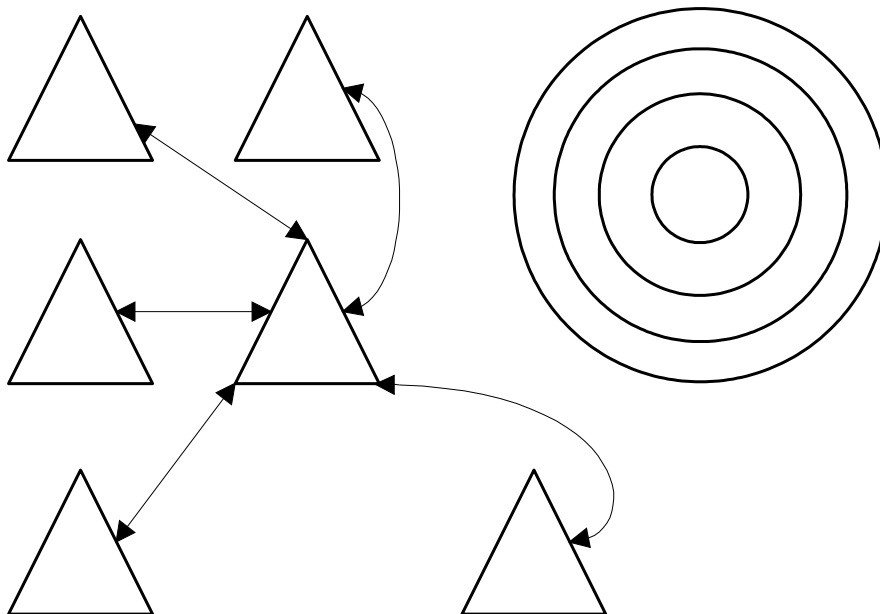
221

222

223 Here we can note that different human communities can be divided to different subcommunities. In
224 some cases we can note explicit separation of human communities.
225



226
227
228 Here we can note that there is not one way for organising human communities: there are always
229 some mismatches between the hierarchy and functions in a human community. This means that
230 human communities are facing some changes all the time.
231

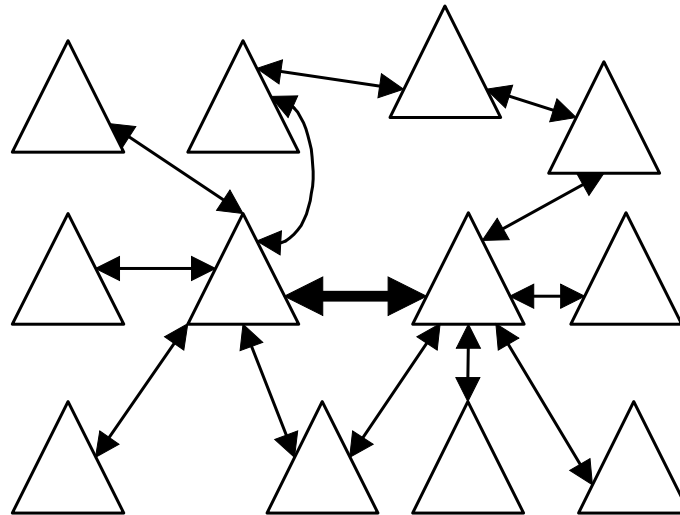


232
233
234 Naturally we can note that there can different relations between human communities. Depending on
235 the selected viewpoint we can differentiate hierarchy and/or enlarging relations between different
236 human communities.
237

238 Then we can note that different human communities can be differentiated based on different

239 relations of ownership, membership and agreements.

240



241
242

243 Therefore there are different changes in cooperation modes (ownership, membership and
244 agreements) all the time, for example different companies can be divided or merged depending on
245 the specific situation.

246

247 **What this means for rail transport? / Competition issues?**

248

249 All this means that there will be different changes in cooperation modes (ownership, membership
250 and agreements) all the time in different stakeholder communities. Therefore there will be changes
251 all the time when different stakeholder communities have their own internal functions related to the
252 rail transport system(s).

253

254 This means that there are always unique situations when different communities are organised
255 according to some competition principles.

256

257 **Need for very technical consultation?**

258

259 On the consultation documents there are four options presented for efficient competition.

260

261 Option 1 – existing market structure, but significantly increased open access operations

262 Option 2 – two franchisees for each franchise

263 Option 3 – more overlapping franchises

264 Option 4 – licensing multiple operators, subject to conditions (including public service
265 obligations)

266

267 Based on previously discussed issues I have to conclude that there should be very technical
268 consultation – i.e. about hard infrastructure. The document published by Transport Focus could be a
269 starting point (“Reacting to extreme weather on the railways”).

270 **The basic hard technical facts!**

271

272 According to my analysis there is a clear difference between rail transport and road transport:

273

- 274 • tracks (rail transport) can have 100 % breakdowns
- 275 • 100 % breakdown means no possibility for passing by
- 276 • roads can have (0% - 100%) different breakdowns – passing by can be very easy.

277

278 My analysis is that we try to enforce similar procedures for rail transport and road transport. The
279 hard technical fact of 100% breakdowns in rail transport is not well discussed.

280

281 **Lessons for the Finnish context?**

282

283 In Finland we have a small population (on 1 January 2015: 5 471 753 citizens) dispersed over a
284 wide area. Therefore commercial rail transport in Finland would face the problem of low number of
285 passengers in different locations. Could it be feasible to have commercial operations in the Finnish
286 rail transport system?

287

288 Also severe weather conditions in Finland means serious challenges for having a functional rail
289 transport operations all the time. In reality during every winter there are some breakdowns (100%)
290 on some locations. When we add here complex communication networks in several layers there can
291 be serious problems in defect and/or emergency situation.

292

293 Based on this opinion I have to conclude that commercially organised rail transport in Finland could
294 be very difficult to organise.

295

296 **Lessons for the British context? / 0% ↔ 100%**

297

298 I fully understand that nationalisation of rail transport could be impossible in the British context.

299

300 The problem of difference between rail transport and rail transport should be assessed carefully –
301 100% breakdowns in rail transport and possible 0% - 100% breakdowns in other areas.

302

303 I propose more technically oriented consultation for assessing the hard technical facts of the rail
304 transport in the British context. Especially defect and emergency situation should be assessed
305 carefully. This consultation was mostly about soft issues of the rail transport in the British context.

306

307 Hard technical facts should be visible in different documents when assessing possibilities for
308 privatisation and nationalisation (monopolies also). Absence of technical facts is the main weakness
309 in this consultation.

310

311 **Previous consultations**

312

313 On the following web page are my (75 opinions on 15 October 2015) reasoned opinions to different
314 issues: <http://www.jukkarannila.fi/lausunnot.html>

315

316

ANNEX 1

317 DISCLAIMERS

318

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358

359

360



1 Based on the Finnish three-party system there is a phenomenon called extreme-centre in Finland. The 2011 parliamentary elections in Finland challenged the three-party system, since three "old" parties were not traditionally as the three largest parties. On 2015 this "new" party is part of the current Finnish Government. We all must be interested about this new development in Finland.