

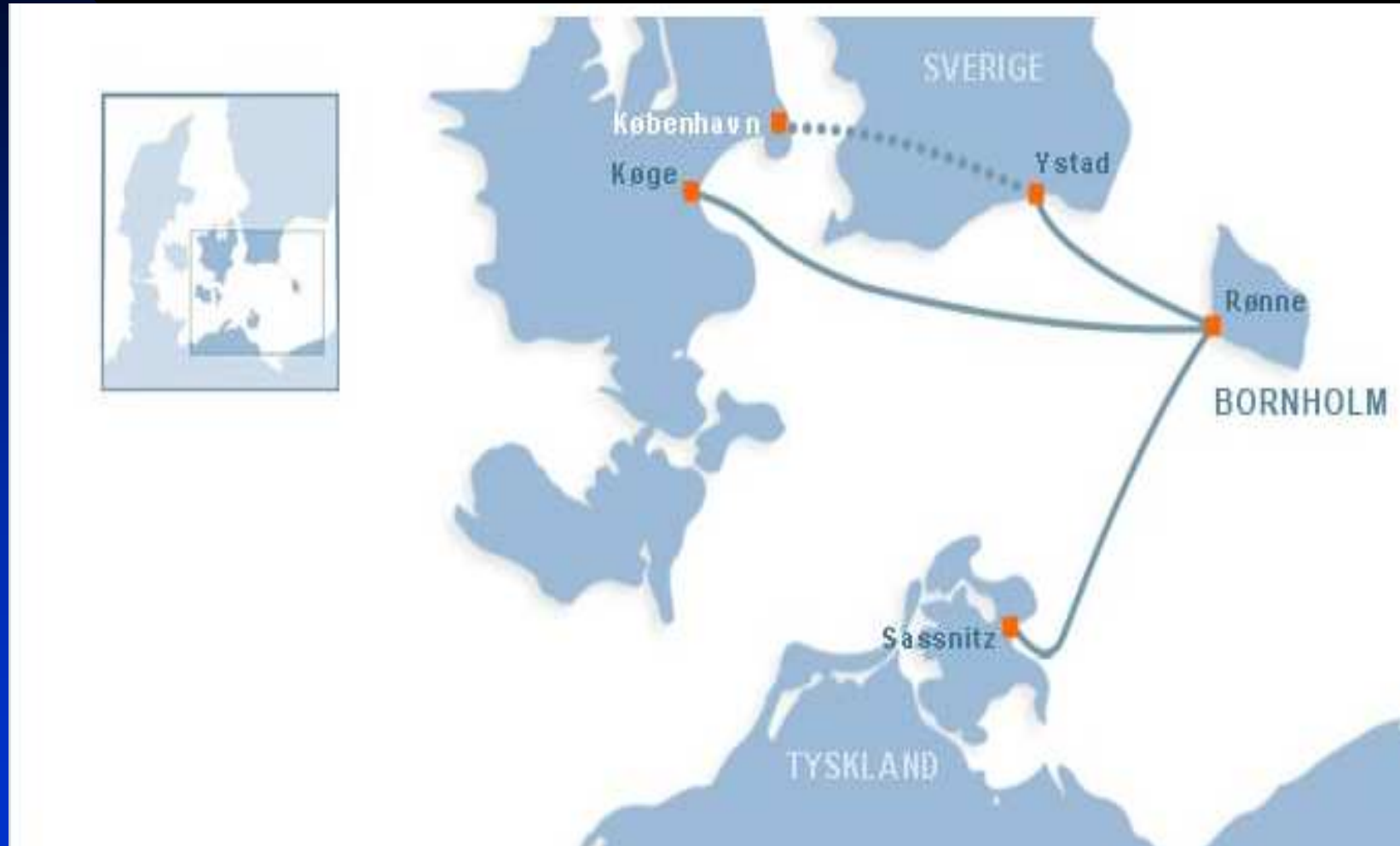


# Maritime transport and PSO seen from the Region of Bornholm

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# Ferry lines to and from Bornholm



# Topics for discussion



- Why have Bornholm chosen to go through the implementation of PSO on its maritime routes ?
- Has the tendering mechanism associated with them worked satisfactorily and at what cost ?
- Has the tendering mechanism been synonymous with effective competition between shipping operators, or was it just pretence ?
- Had there been a change of operator following the tendering procedure ?
- Next ferry tender for Bornholm on its way ?
- Results from recent discussion with DG TREN in Bruxelles



# Introduction

- Bornholm, an island of less than 44.000 inhabitants as at 2007
- Suffering from traditional "island factors": people are leaving for mainland, elderly burden, etc.
- Ferry lines since 1866 and airline connections since 1948
- Ferry lines operated by state company and flight connections by private operators
- Ministry of Transport had offered Bornholm to take over the traffic buyer role from state. Bornholm said no !



## 3 Ferry lines

- Rønne-Copenhagen
- Rønne-Ystad
- Rønne-Sassnitz(Germany)
- All 3 lines, long tradition for state subsidy



# Why have Bornholm chosen to go through the implementation of PSO on its maritime routes ?

- Bornholm had no choice:
  - Over 300.000 Pax/Year
  - EU regulation
  - Danish Government, as part of New Public Management regime



# Has the tendering worked satisfactorily and at what cost ?

- Worse and more expensive !
- Tender and thereby market, has not taken care for a competition with end result of cheaper ferry transport
- Bornholmian society has to “pay” for ferry transport less attractive than before AND the Danish State pays the extra cost for tendering !
- All in all: Is there a market for PSO ferry services ?



# Has the tendering mechanism been synonymous with effective competition or ?

- Several companies were pre-qualified
- At the end only one bid !
- Danish Ministry of Transport set up a committee to evaluate the one bid from 88 mio. DKR/year to 136 mio. DKR/year
- Next PSO seems more promising ?



# Has there been a change of operator following the tendering procedure ?

- No: Same as before
- The “old” state company has been change to a shareholder company, but state owns 100 % of the shares
- The company has got into strategic partnerships on private company's conditions



# Next ferry tender on its way

- Better prepared, on Bornholm and in Ministry
- Good and sound co-operation between Bornholm and Trafikstyrelsen in Copenhagen.

## Some obstacles:

- Future extrapolation of the increase in traffic
- How to define the various seasons (high, low, winter, etc.)
- Replacements of ferries during “accidents”



# Results from recent discussion with DG TREN in Bruxelles

- 1. Due to prolonged ferry-tender, it's possible to put in more frequencies for 16 months, without a new tender
- 2. Put in a clause, that gives us the possibility during the tender period to put in more frequencies if the demand for ferry traffic exceed a certain level
- 3. Lower the price for tickets if the tender will be cheaper than expected, i.e use the "surplus" from the state set aside for the tender to lower prices
- 4. Flexible as long as you not are overcompensating



## Results from recent discussion with DG TREN in Bruxelles

- 5. it is possible to have longer tender period if needed
- 6. As long as it is PSO, State Aid can be used also for transport between 2 member states
- 7. You can have a mix of elements in finding who will win the tender, i.e. lever between price, quality and safety in delivering ferry service. Price is not the only element when you choose the winner !



# Air Transport

- No subsidy mechanism, except free of taxes from Bornholm
- From one to two carriers: 100 % private operators
- Tender for Patient transport and Civil Servants: One each !



# Air Transport

- Competition exist
- Very fragile
- Improvements: More departures early morning and late evening
- Links to Jutland Norway, Germany, Poland(?) in summer time
- A must for Islands to have Air Transport: CO2 must be compensated in cooperation with the State