

PRESS RELEASE

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Updating the performance contract between the French State and SNCF Réseau: the French Transport Regulatory Authority (ART) makes recommendations to the Government for effective rail network governance

While improving the productivity and performance of the national rail infrastructure manager is a sine qua non condition for the development of a competitive rail mode, essential to the success of the ecological transition, ART is today publishing the recommendations it has addressed to the Government with a view to updating the performance contract concluded between the State and SNCF Réseau for the period 2021-2030. They aim to make the performance contract a genuine tool for steering and governing the French rail network.

Initiated by the Government, the updating of the performance contract between the State and SNCF Réseau takes place in a context marked by major developments, such as the rise of inflation experienced in 2022-2023, the dynamic indexation of rail tolls planned for the period 2024-2026 to accelerate the coverage of network costs, and the "new rail deal" announced by the Prime Minister in February 2023¹. In addition, the law on metropolitan regional express services (Serm) now requires SNCF Réseau to draw up a three-year investment program, appended to the performance contract.

THE PERFORMANCE CONTRACT CONTENT NEEDS TO BE MORE TRANSPARENT

On the one hand, ART recommends that the performance contract define a clear target vision for the rail network, in order to give visibility to users and the industrial sector, in a context of opening up passenger transport services to competition. Building such a vision is essential to establish industrial priorities for SNCF Réseau and the industry, ensure sufficient visibility for infrastructure users, and translate the concrete achievements that the "new rail deal" will enable. It was with this in mind that ART published a study last July on long-term scenarios for the French rail network, which presents the consequences for rail infrastructure of two contrasting investment scenarios - one extending current trends, the other aligning itself with the

¹ This should lead to a 50 % increase in the renewal and modernization effort between now and 2027.

recommendations of the Conseil d'Orientation des Infrastructures (COI) "ecological planning" scenario².

On the other hand, with the same objective in mind, and in accordance with the "Serm" law³, ART calls on SNCF Réseau to append a detailed schedule of rail network investments to the updated contract. This schedule, which should cover at least three years, should enable SNCF Réseau to commit to concrete achievements, costs and deadlines, as well as giving visibility to the industrial sector. ART recommends that this schedule be extended to cover a ten-year period.

THE PERFORMANCE CONTRACT MUST CONTAIN MECHANISMS THAT PROVIDE REAL INCENTIVES TO QUALITY OF SERVICE AND PERFORMANCE

SNCF Réseau's position as a "natural" monopoly makes it necessary to set up performance incentive mechanisms. In the absence of market mechanisms linked to competition, the infrastructure manager has no incentive to provide its services effectively and efficiently. The performance contract is the ideal tool for ensuring that SNCF Réseau achieves productivity gains, while continuing to improve the quality of service provided to users, for the benefit of the railway system.

ART CALLS FOR STAKEHOLDERS TO MORE CLOSELY INVOLVED IN DRAWING UP AND MONITORING THE PERFORMANCE CONTRACT

Updating the performance contract should be an opportunity to involve all stakeholders in building a shared, informed vision of the rail network's future. Involving railway undertakings, public transport authorities, rail users and the industrial sector in the development of the performance contract is essential if it is to become the central network management tool it should be. The development of service quality indicators and the definition of a target vision for the network would be enriched by the contribution of the various players.

Finally, the performance contract must be monitored in a more transparent way, involving the regulatory body and rail system stakeholders. In order to strengthen the scope and performance character of the performance contract, and to ensure more effective and robust monitoring of the contract, ART calls on SNCF Réseau to involve the regulatory body and stakeholders more closely.

For further details (in French):

- [La décision n° 2024-002 du 18 janvier 2024 relative aux recommandations formulées par l'Autorité dans le cadre de l'actualisation du contrat de performance conclu entre l'État et SNCF Réseau pour la période 2021-2030](#)

About the French Transport Regulatory Authority (ART)

Since 2010, the French railway sector has had an independent authority to accompany its gradual opening to competition: the Autorité de régulation des activités ferroviaires (Araf). Law 2015-990 of 6 August 2015 on

² The report is available here : <https://www.autorite-transport.fr/wp-content/uploads/2023/07/rapport-scenarios-de-long-terme-pour-le-reseau-ferroviaire-francais-12-07-23-final.pdf> (in French).

³ Law No. 2023-1269 of December 27, 2023 on regional express services.

growth, activity and equal economic opportunity extended the regulator's powers to road activities - coach transport and motorways. On 15 October 2015, Araf became the Autorité de régulation des activités ferroviaires et routières (Arafer), with the mission to contribute to the proper functioning of public service and competitive activities for the benefit of rail and road transport customers.

With competence for the regulation of airport charges since 1 October 2019, Arafer became the Transport Regulatory Authority (ART) on that date. Lastly, Law No. 2019-1428 of 24 December 2019 -mobility act- extended ART's powers and missions to the opening up of mobility and ticketing data, as well as to the regulation of infrastructure manager activities and security activities carried out by RATP in Île-de-France. Its opinions and decisions are adopted by a college of five independent members chosen for their economic, legal or technical skills in the field of digital services or transport, or for their expertise in competition matters. It is chaired since 29th December 2023 by Thierry Guimbaud.