



***Regulatory Body for Railway  
Transport and Brussels Airport  
Operations***

## **Economic equilibrium test**

The methodology for assessing the impact on the economic equilibrium comprises two analyses. These are, on the one hand, an economic analysis (A), adapted to the specific nature of the applicant, and, on the other hand, an impact analysis (B), which is the same for all applicants.

## **A) Economic analysis**

### **1. Railway undertaking operating the public service contract**

The impact on the expected profitability of the management contract(s) entered into at the time of entering the market is studied. The analysis comprises the entire timescale of the contracts concerned.

In a first phase, an impact analysis is carried out for the expected turnover. This includes the possible impact on revenue from domestic passenger transport and subsidies.

This involves an analysis of total turnover per category in order to be able to estimate the impact on the entire management contracts.

In a second phase, a ratio analysis of profitability is performed, in accordance with analytical accounting. In this phase the impact on expected profitability is projected onto sales, assets, equity capital, etc. This way, based on analytical accounting, a clear picture can be obtained of the potential economic impact of the new service on the management contracts entered into.

If sufficient data are available, both analyses take into account the possible reaction to the new entrant, and the possible impact on future investments. If necessary, various scenarios are analysed.

Both analyses make up the 'economic analysis' and are performed if the test is requested by the railway undertaking operating the public service contract.

### **2. The competent authority that awarded the management contract**

The impact on the net cost for the management contracts in force at the time of entry is studied. The analysis comprises the entire timescale of the contracts concerned.

Specifically, the potential variability risk is described for each type of subsidy connected to the management contract. The relative impact on the total subsidy is estimated, if necessary by means of various scenarios.

This analysis is the 'economic analysis', which is performed when the test is requested by the competent authority that awarded the management contract.

### **3. The infrastructure manager**

The impact on the potential profitability of the management contract(s) already entered into at the time of entering the market is studied. The analysis comprises the entire timescale of the contracts concerned.

In a first phase, an impact analysis is carried out for the expected turnover. This includes the possible impact on revenue from infrastructure usage fees and subsidies. This involves an analysis of total turnover per category in order to be able to estimate the impact on the entire management contracts.

In a second phase, a ratio analysis of profitability is performed, in accordance with analytical accounting. In this phase the impact on expected profitability is projected onto sales, assets, equity capital, etc. This way, based on analytical accounting, a clear picture can be obtained of the potential impact of the new service on the management contracts entered into.

If sufficient data are available, both analyses take into account the possible reaction to the new entrant, and the possible impact on future investments. If necessary, various scenarios are analysed.

Both analyses make up the 'economic analysis' and are performed if the test is requested by the infrastructure manager.

### **B) Impact analysis**

In its assessment of economic equilibrium, the Regulatory Body will also take into account an impact analysis. This will study the following elements:

- a) The potential net benefits to customers arising from the new rail passenger service in the short and medium term;
- b) The potential impact of the new rail passenger service on the performance and quality of railway services;
- c) The potential impact of the new rail passenger service on timetable planning for railway services.

If there are indications of a major (positive or negative) impact on the passenger transport sector, this impact will be analysed in a cost-benefit analysis, in which it will be attempted to determine a value for the effects observed.