

THE FUNCTIONING OF THE RAILWAY WORKS SIDINGS WITH REGARD TO THE LIBERALIZATION AND CONCURRENCY OF THE FREIGHT RAILWAY TRANSPORT ON THE POLISH MARKET

ARKADIUSZ DREWNOWSKI

University of Szczecin, Faculty of Management and Economics of Services, POLAND
e-mail: arkadiusz.drewnowski@wziewu.pl

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ABSTRACT The railway sidings located within the area of companies of freight railway transport are of great importance. Every active railway siding constitute a natural source of creation of flow of freight railroad cars. In consequence, the increased transport is observed on the company railway network. Recently, there has been a decrease of number of sidings. It is related also to the question of optimization of costs of functioning of the industrial companies in possession of railway sidings. The article presents different solutions to be applied in practice in matters of functioning of company railway siding tracks taking into account the current conditions of functioning of this branch of transport in Poland. It's an approach from point of view of a railway transport client who is not a railway company.

Introduction

The liberalization and concurrency on the market of freight railway transport are fundamental causes of changes within railway transport in European Union. Both created distinct conditions of functioning for the users (clients) of this branch of transport. It goes the same for industrial companies in possession of railway sidings used for many purposes (raw materials transport, semi-finished products or finished products).

It concerns the railway sidings of various size and range of work. In particular, the big companies in possession of railway sidings where the circulation of railroad cars (in many cases they are stations apart) is high, benefited from the liberalization and concurrency on the freight railway transport market. All the freight railway companies together with PKP CARGO, a joint-stock company separated from the national integrated enterprise are concurrent and they fight for work contracts to provide freight transport services to those clients. In majority of the cases, the expedition and reception on the railway sidings concern full trains load that require the minimum of maneuvering work which means lower costs and higher rentability of that transport in comparison with others. There is no doubt that all the companies fight for more commands of this type and, in the same time, build the good relation with this kind of client.

Due to the opening of the freight railway transport, new freight companies blossomed. They are issued from ancient departments of enterprises providing the company railway sidings services. They are equipped with locomotives, wagons and all the technical service. They constitute the full property of the company. With the statutory monopoly on the functioning of the national enterprise PKP,¹ there was no possibility to use the PKP network for transport. The particular companies were restraining their services only to railway siding track maneuvering operations like loading, unloading railcars from delivery and acceptance tracks. In new conditions, a part of ancient transport departments transformed into freight transport companies providing the transport services for the mother company (raw material and finish products transport), operating their own railway sidings (half products transport) and also providing services for other subjects.

The best example of this kind of solution is the company *Pol-Miedź-Trans* limited liability company created as part of the ancient department of KGHM Polska Miedź SA which operates many railway siding tracks of that partnership.² It provides also services for external clients.

In the article, the question touched is the functioning of the company railway sidings in relation to the subjects deprived of license to execute freight rail transport and the subjects who use transport services.

Company railway sidings

The transport companies are interested in cooperation with the owners and the users of the company railway sidings. It's more profitable when the rotation of the given railway siding is high and when there are more transport in a form of full train load (Jakubowski, 2009, p. 88). It exists for expediting and receiving. There is a natural contradiction between the expectation of transport companies and enterprises using the railway siding. The transport company would like to have the longest access to operate two-way transport to railway siding tracks and from it. The best option would be to have an exclusive access (mostly for full train load). The enterprise using the railway siding would also like to have a possibility of choice of different transport companies and negotiate the prices. In this case, the conditions of functioning and operation of the company railroad spur tracks should be taken into account as a start and end point for railway transport processes in which the given company is participating (as a freight expeditor or receiver). The optimal conditions of functioning should be guaranteed to a an enterprise using railway siding (Nowosielski, 1999, p. 360).

¹ The trade railway companies (mining, forest and sandy railway) were the only exception. They weren't concurrent to PKP because they didn't have public transport. They were operating on their own networks and they couldn't use the public network (the PKP one).

² It's an inter-company transport.

Examining the question of full access to a railway siding, the connection of the railway siding tracks with the tracks of national railway network. It becomes significant when the tracks going from the railway siding don't link directly to the tracks of the infrastructure manager. It's the situation when the railway siding tracks are connected at the station with the other tracks than the main ones belonging to other user than a subject. Free choice of a transport company by a user of a railway siding would be significantly restrained or even impossible in that case. The same goes for the situation where the tracks going to a company railway siding split off from the track system of other railway siding used by different subject. This situation may limit the free choice of a transport company (Kozłowska, Rolek, 2017, p. 13). Above problems are only outlined. The situation when tracks of a railway siding are directly connected with route or main tracks (company manager network PKP Polish Railway Lines, a joint stock company) at the station will be of leading analysis in the article.

Three basic solutions in matter of functioning of railway sidings could be enumerated:

1. Railway siding is a part of organizational structure and enterprise management which uses it (traditional solution).
2. Railway siding services are managed by a company issued from ancient organizational enterprise department which use a railroad siding.
3. Railway siding services are provided by external companies.

Railway siding is a part of organizational structure and enterprise management

It's a solution where all the productive asset, in particular the maneuvering locomotives and their supply base, the track system is a property of a company. The employees hired for providing the railway siding service are at the same time employees of the company with all the consequences. All the costs as salary payments, maintenance and amortization of the railway siding asset, property tax are in the charge of a company. A company can freely contact the PKP CARGO, a joint stock company and other freight transport companies via hand-over point placed at intersection of a railway siding with national network. A company has a final word in the range of the freight maneuvering and shipping by a railway transport when expediting and receiving. It should be underlined that free access to a railway siding doesn't necessarily mean a free choice of a transport company in a given transport relation. It is issued from specific freight railway transport market (see e.g. Zalewski, 2002).

Railway siding services are managed by a company issued from ancient organizational enterprise department

One of the ways of restructuration of a company is extracting some company activities and basing on their activity create separated partnerships. It's related to the outsourcing idea which means extracting additional activities from the organizational structure. In that way, it's easier to manage a *slimmed down* company. It becomes more tangible for the changes on the market.

In many companies, the transport service as an auxiliary activity was subjected to the transformations of this kind. The companies in possession of the railway sidings were transforming the ancient transport departments, in organizational structure, into separated partnerships which were providing the railway sidings services. They were taking over the employees, the productive asset and maneuvering locomotives and their technical facilities from the mother company (Pilarczyk, Tomczak, 2018, p. 21).

In relation to the railway infrastructure and other (railway traffic management, signaling control, shipment points, devices and others) as well as the property where a railway siding is placed, there are two solutions:

1. The assets are incorporated to a partnership and they become its property.
2. The assets remain the property of a an enterprise and the use is regulated by a tenancy contract between the partnership and an enterprise.

Taking into consideration the conditions of functioning of a railway siding and free access to it, this distinction is essential. The question is continued in other part of the article.

The created partnership sign a contract with a company to which a service is provided. The contract contains the conditions of railway siding services. They are favorable for a company because in the first period it has the majority of shares in a new established partnership. The owner of a partnership may decide about the sale of totality or part of the shares as part of the restructuration processes or when the renovation or reconstruction of a railway siding asset is needed. If a company still have a majority of the shares in a partnership after the sale of a part of them, the company situation concerning the railway siding services will remain unchanged in relation to the previous period. The sale of the totality or a major part of the shares of a partnership providing the railway siding services could be a danger. The conditions of railways transport services provided to a company would deteriorate. The limitation of a transport company access to a railway siding would also take place. When there is a decision about the sale of partnership shares, the scope of realization of a railway siding service in three basic areas should be analyzed:

- maneuvering service,
- freight service,
- shipping service.

The basic possible solutions within this range are presented in the Table 1.

Table 1. Possible solutions for the implementation of services on the railway siding

Types of assigned tasks	Options of solutions		
	1	2	3
Maneuvering service	X	X	X
Shipping service		X	X
Freight service			X

Source: own work.

For the analysis of the options presented in the Table (1, 2, 3), the previously presented solutions about the railway infrastructure property and another railway siding (A, B) should be taken into consideration. It results that there are six possible options within this range to be weighted up (1A, 2A, 3A, 1B, 2B, 3B). For very option, the position of a company to which the service is provided, will vary.

For options 1A, 2A and 3A, a company is still the owner of a railway siding infrastructure with all the consequences. The use of a railway siding by a partnership is regulated with the tenancy contract. For every option, a maneuvering service of a railway siding, a partnership has a monopoly on managing it. The monopoly is conditioned with the specifications related to organization and realization of the maneuvering work. In this situation, a company is forced to make contract to provide services only with one operator. In option 1A a company can freely provide shipping and freight service but also it is subjected to all the costs related to them.

The sale of a partnership in this option doesn't bring a serious danger for a company to which a service is provided. It can freely choose a transport company because a partnership provides only a maneuvering service and it cannot decide which freight transport company would provide transport for expedited and received freight. Moreover, the fact that a partnership isn't the owner of a railway siding infrastructure makes the cooperation with a company work efficiently as the management of a partnership is aware that a company would resign from the services and don't prolong the contract. The company to which a service is provided can make pressure on a partnership to constantly take care about the quality of the services provided.³ For options 2A and 3A, the range of a service provided increases. A company forward next areas in the hands of a partnership. It's not rare or uncommon situation. There are many companies which outsource the shipping or freight service to external companies. It doesn't make harm on their functioning. They even make profits thanks to the professionalism and the specialization of the companies. It goes also with the reduction of the costs when an additional company activity is handed over. When a company shares equities with a partnership, it has more influence on the second one. In the same time, the sale of majority of the shares doesn't necessarily mean the considerable deterioration of the conditions of services. The key to secure the company interests is the well-established contract, precisely defining all the aspects related to the realization of the services by a given subject that means a railway siding service in favor of a company. The company property of a part of a railway siding infrastructure gives a company a firm argument in the contract to secure its interests with a subject realizing a railway siding service. In the situation when a new partnership is at the same time owner of a railway siding infrastructure, the position of a company to which a service is provided significantly deteriorates. It becomes dependent of a partnership because the second one has only access to freight points in a company. In every succeeding option (1B, 2B, 3B) another kinds of company services are handed over to a partnership. Even if a maneuvering service is only commanded, it can also influence a company shipping service because the access to a railway siding will be limited to some of transport companies. The sale of a partnership which is the owner of a railway siding infrastructure causes the dependence of the new owner's politics. The last one should be in accordance with the interests of a company to which a service is provided. Being in possession of the infrastructure, the owner of a partnership can make pressure on a choice of a transport company and the conditions of a railway siding service.⁴ The sale of a partnership providing railway siding services and being the owner of the infrastructure is an unfavorable solution for a company to which the services are provided. The management of this enterprise should be aware of this point while making decision about the sale of a partnership.

Railway siding services are provided by external companies

A service is outsourced in the situation where a company to which the service is provided doesn't have a specialized organizational department providing a railway siding service. It's applicable to railway sidings with low and medium rotation. In the period when PKP had monopoly on transport, the maneuvering service of a railway siding was entirely provided by PKP enterprise as part of the contract signed for its service and a service plan resulting from that contract. The current situation changed as many new transport companies and specialized

³ E.g. with prolongation or a negotiation of a contract for maneuvering service.

⁴ The situation becomes extremely unfavorable when an enterprise establish a good cooperation with a chosen transport company.

companies offering a complex railway siding service turned up. There is an analogical situation as presented previously for options 1A, 2A, 3A.⁵ There is one more combination in relation to a company transport service. Currently, the railway transport companies are interested in signing contracts for railway siding services or in buying a partnership providing a railway siding services. For a transport company, it's a possibility to make a company dependent on their services. This final question should be taken into consideration when making a decision about the sale of an partnership providing a railway siding service or the sale of a railway siding asset.

Conclusions

The continuous tendency to optimize the costs of an enterprise functioning makes the companies search the ways of organization of the transport service. However, the optimization of costs shouldn't go together with deterioration of conditions of a company transport service. It's a backfire. It causes very often the cost increase and it ruins the initial saving effects at a later stage. Any change should be made, taking into consideration the optimized service conditions. It's a primordial criteria for any change within this range. This is very often forgotten while restructuring this activity area of an enterprise. The faith in power of market mechanisms comes up at first place. It affects particularly the railway transport. The analysis of the principles of functioning of this branch is made by the analogy to the road transport. In terms of content, it's incorrect and it can lead to wrong solutions with negative results for an enterprise branch to which a service is provided.

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⁵ It's the situation when the sale of the totality of shares in a partnership took place.