

Summary
of the Audit on the EU Supported Railway Development Projects
along the 5th Pan-European Corridor of the TEN-T Railway Network
(Priority European Project No. 6)

Based on the recommendation of the Contact Committee of the EU Supreme Audit Institutions, the State Audit Office of Hungary carried out a coordinated audit – jointly with various Member State SAIs (France, Italy and Slovenia) – on the utilisation of the EU funds granted for the realisation of the investment related to the priority European project № 6 of the Trans-European Transport Network's (TEN-T) Pan-European corridor 5 railway network.

The audit objective was to evaluate whether the preparation process and the realisation of the TEN-T project served the time-proportional implementation of the EU's and national transport policy goals, as well as the utilisation of available resources. The audit covered the period from 2000 to 2010.

The short-term (2008-2013) strategy of the Hungarian railway transport development focuses on the enhancement of the infrastructure's reliability, its main task being the achievement of the EU average performance, in compliance with the EU directives on development policy.

Necessary resources for financing the developments between 2000 and 2005 were not available in due time, structure or amount. The state of the Hungarian budget made the drawing of the funds more difficult in 2000-2005, that is why the EU-funded projects ran out of deadlines.

The development goals of the Hungarian Transport Policy for 2003-2015 – approved with a delay of one year – have been only partly realized. More than €200 M support from the available ISPA transport funds could not be used in due time. Between 2000-2006 the development of the priority railway network co-financed by the EU was not successful in Hungary.

The rail line selected for the audit is connected to the Hungarian main railway lines via the Zalaötvő–Zalaegerszeg–Boba course. The planned total cost of the investment was € 167.4 M, to which the European Commission granted a support of €83.7 M (50% of the investment cost). The Financing Memorandum had been amended three times due to the inadequate preparation, the delay of the public procurement procedures and the mistiming of granting the financial resources. Thus the original completion deadline of 31 December 2006 was postponed to 31 December 2010. The estimated total cost of completing the project has increased to €199 M. The growth of the total cost is generated by the uncalculated inflation effects, the technological needs, the rescheduling caused by the delay of public procurements and the changing of the technological content.

The development of the EU financed railway sections and the connecting infrastructure was not in accordance with the principles of value for money.

In the medium run, transit freight transportation can be dominant on the rehabilitated railway section, so the technological parameters of the line tend to meet mainly those requirements. The 225 kN axle-loads, the electrically powered haulage and the 120 km/h fast transportation suffice for the freight trains' transport purposes. The favourable access can make the local and interurban passenger transportation a competitive alternative against road transportation.

The rail line meeting AGC¹-AGTC² requirements is making use of the improved technology of the 21st century like computer controlled railway signalling and safety installations, audio devices for informing passengers and giving instructions, as well as modern level-crossings guarded by barriers. These devices increase the safety of both the transportation and the passengers, and they also contribute to the conditions of the interoperable freight and passenger transport.

Besides making use of the observations of the on-site audit we recommended the Government to take actions in harmonising the decisions about the modernisation of transportation and to ensure the necessary budgetary resources in due time in order to achieve the goals defined in the Hungarian Transport Policy until 2015. Our recommendations also included that the Government should provide for the smooth preparation, implementation and monitoring of the projects co-financed by the EU in order to avoid major running out of deadlines, while ensuring the required financial and institutional system. We also recommended the Government to initiate the elimination of the still existing legal discrepancies in the field of railway transportation in order to use the EU funds available for transportation development more efficiently.

¹ Agreement on Main International Railway Lines

² European Agreement on Important International Combined Transport Lines and Related Installations