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# Polish Roads Toward the Regionalization of Railway Passenger Transport

**Abstract:** The paper is devoted to the functioning of passenger rail transport in Polish regions. In the first part, the content of the paper is a retrospective look at the beginnings of the policy of regionalization of regional rail transport, which, according to the first government declarations, date back to 1995. However, the actual beginning of decentralization reforms in the Polish railway industry was provided by the provisions of the Act of 2000, on the basis of which a quasi-holding of companies was established. railways under the contractual name of the PKP Group, and the obligation to organize and finance regional railway transport was imposed on the Provincial Governments. Because this first attempt at reform had serious shortcomings, shortly after its implementation there was a deep crisis in regional rail transport, lasting with varying intensity until 2008. The government reform implemented at the end of 2008, despite numerous difficulties, stabilized the situation in the field of regional rail transport. and new local government companies have appeared in this sector. The long-term effects of this reform are positive both in the scale of the entire railway system in Poland and in individual regions - local government railway companies currently serve a significant part of the market. In the final part of the considerations, attention was focused on the possible directions of structural and ownership changes in the following years in relation to local government companies and the POLREGIO company and on the possible positive effects of the full implementation of the EU's fourth railway package.

**Keywords:** Regionalization of railways; Passenger transport

## Introduction

The regionalization of railway passenger transport means transferring responsibility for organizing and financing this type of transport to territorial authorities—in the Polish case, local governments—responsible for public transport in a given area of the country. The source of this policy in Poland was the creation in 1998 of a new structure of local government—voivodeship, county (powiat), municipal (gmina), and city—and the central government's drive to decentralize various economic tasks, including those related to organizing and financing public passenger transport. From a historical perspective, the formally articulated drive toward the regionalization of railway passenger transport within the restructuring processes of the Polish railway sector, begun in 1990, first appeared in 1995, when the first departmental program document, *Transport Policy*, was published by the Ministry of Transport and Maritime Economy. This document specified the basic directions of socio-economic policy for the entire Polish transport sector for the years 1995–2005, with some references even to the 2020 horizon [12]. Incidentally, this document, adopted by a left-wing government, envisaged privatization processes in the state-owned PKP, limited to nationwide and international passenger and freight transport, which to this day sounds almost iconoclastic to some political groups. It also indicated that local and agglomeration transport could in the future become the domain of other entities, e.g., territorial self-governments or municipal enterprises [12]. In the next program document of the Ministry from 2000, it was announced, among other things, that the PKP enterprise would be commercialized and, within the holding, a company managing railway lines and a number of operating companies—both freight and passenger carriers—would be established [11].

The formation of a railway capital group based on the PKP enterprise—rather than a holding in the definitional sense—took place in 2001, under the government of a coalition of now-defunct political groups (AWS–UW), based on an act adopted by the Sejm in September 2000 [18]. This act led to the creation of two components that initiated in Poland the actual process of regionalizing railway passenger transport. Specifically, under its provisions, two companies were established: PKP Intercity (for inter-agglomeration qualified railway services) and PKP Przewozy Regionalne (for regional and inter-voivodeship railway services). They started operations on October 1, 2001. Furthermore, the act introduced new provisions into the 1997 Railway Transport Act, under which voivodeship governments were given the obligation to organize and finance regional railway passenger transport.

**Paradox and Crisis**

The model of railway passenger transport regionalization introduced in 2001 had disastrous consequences, which are evident from today's historical perspective, and which at the time were also criticized due to unrealistic, even paradoxical solutions. On the one hand, a nationwide, sole market railway operator was created—responsible for being the operator of regional railway services—while on the other hand, there were 16 voivodeship governments in the country, established only three years earlier as part of the decentralization reform of public administration. These governments were still inexperienced, had no appropriate organizational units, and—most importantly—lacked their own financial resources to pay PKP Przewozy Regionalne for ordered transport services, since the subject-specific subsidy for regional railway transport was far too low and still centrally distributed among the individual voivodeships. Although the previously cited act on the commercialization of PKP contained some financial commitments, ensuring that funds allocated to regional railway transport would start at PLN 300 million in 2001 and increase to at least PLN 800 million in 2004–2005, the new government coalition of SLD–UP, which took power in the fall of 2001, significantly reduced budget expenditures in subsequent years for financing the railway sector. Consequently, the state budget did not fulfill these commitments.

Budgetary constraints led to a deep and spectacular crisis across the entire railway sector, reaching its peak in 2003. The real flashpoint came in March 2003, when PKP Przewozy Regionalne announced a reduction program—due to lack of funding—to improve its extremely difficult financial situation, cutting around 1,100 regional trains, which at that time accounted for about 25% of the total number of trains running daily. Stakeholders in the company's operations (trade unions, voivodeship governments, various social groups) uniformly protested against the plan to reduce such a large number of railway connections, and lengthy negotiations ensued. However, their outcome was not a complete, systemic resolution of the railway sector's financial crisis but only partial solutions adopted under pressure from the trade unions, merely mitigating the financial collapse in the area of regional railway transport. In particular, the government pushed through the trade union side's acceptance of a change in how regional railway transport was financed. After the Act of November 13, 2003, on the Revenues of Local Government Units [19] came into force in 2004, voivodeship governments' share in the revenue from personal income tax (PIT) was increased to 1.6%, and their share in the revenue from corporate income tax (CIT) was increased to 15.9%. The existing central subsidy for regional railway transport was eliminated, and from that point on, voivodeship governments have financed these services from their own revenue as a so-called "own task." This latter arrangement continues to apply today.

**Searching for a New Model**

In the next government-adopted transport policy document from 2005, it was emphasized that halting the escalating economic crisis in Poland's railway sector was expected to be possible only under conditions of consistent cooperation between the government and labor unions [13]. This statement was undoubtedly a consequence of the numerous disruptions that had occurred in the Polish railway sector following the transformation of the PKP enterprise into a group of companies at the end of 2001, which in turn led to a financial crisis caused by reduced state budget support for regional railway services. Thus, the government began seeking new solutions regarding the model for the regionalization of railway passenger transport. The document declared the continued reform of regional railway services, among other things, by completing the process of transferring to voivodeship governments the role of organizers of regional services, creating conditions for new operators to enter the market, and introducing regulated competition based on multi-year contracts between voivodeship governments and operators [13].

Discussion on the new model of the regional railway transport sector lasted several years. Within the Ministry of Infrastructure, the need to relieve PKP Przewozy Regionalne of its debt was articulated, and proposals were made to split the company into five (initial concept) or even sixteen smaller companies operating in the voivodeships. An important theme of the discussion was also the issue of the ownership of Przewozy Regionalne, with suggestions from many quarters to remove the company from the PKP Group. Some participants in the debate believed that the model to be implemented should ensure that voivodeship governments, as organizers and financiers of services, should not also act as owners of railway operators. Such ownership would contradict the idea of announcing open tenders for the provision of regional railway services, which aligns with the European Union's policy of increasing competition in the railway sector. One variation of the splitting concept involved PKP Przewozy Regionalne creating a larger number of subsidiary companies, leaving the parent company to operate as a rolling stock pool from which the subsidiaries would lease the necessary rolling stock. Proponents of the above-described variant of further restructuring of regional railway services, although undoubtedly correct from a "doctrinal" point of view, failed to consider the socio-economic realities of that time. The debt of PKP Przewozy Regionalne was growing exponentially and posed a real threat of loss of liquidity and financial collapse for the remaining companies in the PKP Group, especially PLK S.A., Cargo S.A., and Energetyka S.A. In 2006, although the Ministry of Infrastructure supported one of the debt-restructuring and splitting options for PKP Przewozy Regionalne, the labor unions responded to every announced plan to split PKP Przewozy Regionalne with the threat of a general strike on the railways. In the following year, 2007, the Ministry of Infrastructure reversed its earlier position and proposed a variant of regional railway reform included in the final version of the document *Strategy for Railway Transport until 2013*. The new government of the PO–PSL coalition, formed after the parliamentary elections in October 2007, did not reject the reform concept for regional railway services developed by its predecessors; rather, it adopted and implemented it, having introduced one amendment beforehand.

The regional railway reform prepared in 2007–2008 broadly consisted of relieving PKP Przewozy Regionalne of debt amounting to a total of PLN 2,160 million, transferring the Inter-Voivodeship Railway Services Division separated from this company to PKP Intercity, and handing over ownership of PKP Przewozy Regionalne shares to the voivodeship marshals. Negotiations between the government side and the voivodeship marshals regarding the conditions for transferring the company to local governments were finally concluded in December 2008 with an agreement between the Marshals of the Voivodeships and the Minister of Infrastructure. This agreement provided for a total expenditure of about PLN 7.5

billion on the regionalization of railway passenger transport by 2020, of which PLN 3.5 billion was to be spent by 2015. This agreement was beneficial not only from the perspective of the individual voivodeship governments but also for the further development of the entire regional railway transport market in Poland, which until then had shown year-by-year weaknesses, particularly the lack of adequate financing for operators' operating activities and significant depreciation of passenger rolling stock. Although the government continued to treat the financing of PKP Przewozy Regionalne's operating activities through public service contracts as the voivodeship governments' own task—in line with the model solutions already adopted in 2004—it did provide significant financial support (an additional CIT deduction, the possibility of financing rolling stock repairs from the state budget). On the other hand, the government ensured funding for a major investment program concerning rolling stock intended for regional railway services.

**New Passenger Companies on the Railway Market**

Within the discussion on a new model for railway passenger services in the regions, the issue of the PKP monopoly arose. It was pointed out that, previously, the state enterprise PKP and later the PKP Group with its passenger companies had, in the first years of their operation, been actual sector monopolists in railway passenger transport. For this reason, starting in 2004, when the crisis over financing regional services was ongoing, some voivodeship self-governments (e.g., Greater Poland, Lower Silesia, Silesia) declared their readiness to create their own companies to provide regional railway services. The Mazovian Voivodeship became the precursor of this direction. In July 2004, the company "Koleje Mazowieckie – KM" was established, with the Mazovian Voivodeship holding a 51% stake and PKP Przewozy Regionalne holding the remaining 49%. Koleje Mazowieckie began transport operations on January 1, 2005, leasing the Mazovian Division separated from PKP Przewozy Regionalne. In 2007, that division was sold to KM, and at the beginning of 2008, the Mazovian Voivodeship bought the remaining 49% of KM shares from PKP Przewozy Regionalne, becoming its 100% owner. Parallel to Koleje Mazowieckie, a railway company called "Szybka Kolej Miejska, sp. z o.o., Warszawa" (SKM Warszawa) was being formed. This company was established to organize, launch, and manage a passenger transport system in the park & ride formula based on existing railway lines in the Warsaw agglomeration. The city of Warsaw is the 100% owner of this company, which has been providing transport services since 2005. In December 2008, "Koleje Dolnośląskie" (KD) commenced operations, initially providing transport services on a small scale, but in subsequent years it took over all services on non-electrified lines in the Lower Silesian Voivodeship, as well as some services on electrified lines [22]. In the following years, four local-government-owned companies were established to provide passenger services in the regions. In 2010, "Koleje Śląskie" (KŚ) [21] was formed, initially operating at a small scale (2011). In June 2012, the Silesian Voivodeship terminated its contract with Przewozy Regionalne and decided that from December 2012, its own company, KŚ, would take over all regional services in the voivodeship. Also in 2010, "Koleje Wielkopolskie" (KW) began operations. This company took over all regional services on non-electrified lines in Greater Poland and, following the purchase of 22 "Elf" multiple units, a large share of services on electrified lines [23]. Since 2010, the Łódzkie Voivodeship has operated a local-government-owned company called "Łódzka Kolej Aglomeracyjna" (ŁKA) [24]. In 2014, "Koleje Małopolskie" was launched, established by the Małopolskie Voivodeship. In the first stage of its development, it took over passenger services on railway lines in the vicinity of Kraków [25]. It should be added that in 2007, thanks to winning a tender for servicing about 40% of passenger railway lines in the Kuyavian-Pomeranian Voivodeship, the first private passenger railway operator in the Polish market, Arriva PCC—a company of the international Arriva holding—appeared. At that time, the company was a joint venture with the Polish-German railway company PCC Rail, but in 2010 it was taken over by the German state railways, Deutsche Bahn AG, and thus was nationalized. Currently, it operates under the name Arriva PL [20].

**Przewozy Regionalne After 2008**

Following the transfer of ownership to the Voivodeship Marshals (known as *usamorządowienie*), the government no longer had any direct influence on the operations of Przewozy Regionalne (PR). The subsequent years—particularly the 2009–2013 period—revealed that this company had failed to address numerous internal issues, had not undergone any internal restructuring, and experienced a recurrence of debt [5]. The company also undertook many controversial market activities, such as launching a large number of InterRegio trains not covered by public service contracts, which generated additional losses for the company. As a result of several voivodeships creating their own railway operators or announcing open tenders for the provision of regional services in which the company did not win (for instance, in the Kuyavian-Pomeranian Voivodeship, it lost several bids to the German carrier "Arriva"), Przewozy Regionalne lost a significant share of the passenger transport market.

One major reason for Przewozy Regionalne's various post-2008 operational problems can undoubtedly be attributed to the government in power at the time, which underestimated the risk arising from the fact that the Voivodeship Marshals, as partial co-owners of the company, were not—even though, as high-ranking politicians, they should have been—able *in gremio* to ensure effective ownership oversight, create a unified strategy for a nationwide local-government-owned railway company, or successfully carry out further restructuring and transformation processes [7]. In 2013, driven by market losses and recurring debt, a renewed debate emerged on whether Przewozy Regionalne should continue to exist. The very rationale for the company's continued operation was called into question. However, weaker voivodeships, which could not afford to establish their own railway operator or which had a different concept for organizing the regional transport market, opposed the idea of winding up the company.

The necessary restructuring measures commenced in 2014, including a decision to reduce and later discontinue InterRegio and RegioExpress services, which—as they were not subsidized under public service contracts—clearly worsened the company's financial performance. The restructuring efforts also involved a new debt-relief program. The government became involved in these restructuring processes because it was recognized that the participation of the Industrial Development Agency (*Agencja Rozwoju Przemysłu*, ARP) was necessary, given its know-how in corporate restructuring. Thus, ARP became the new leader of Przewozy Regionalne's restructuring project [7].

During preliminary work, two further restructuring scenarios were considered [3]. The first, championed by labor unions, involved relieving Przewozy Regionalne of debt using public funds and renationalizing the company, meaning a return to the ownership model from before December 2008. The second, proposed by the voivodeship governments, envisioned regionalization—that is, the establishment by the voivodeships of regional companies to carry out railway passenger transport, into which assets from Przewozy Regionalne would be contributed and staff resources transferred. Ultimately, the renationalization option was adopted, and in September 2015, the Industrial Development Agency SA and Przewozy Regionalne signed an agreement for the company's recapitalization [1]. In practice, this meant that ARP acquired 50% + 1 of the shares in the increased share capital of Przewozy Regionalne, paying in PLN 770.3 million in cash. The decision to recapitalize Przewozy Regionalne was preceded by the company's preparation of a restructuring plan for 2015–2018, which aimed at restoring its long-term profitability. To implement this project, ARP received public funds, so one of the conditions for recapitalization was the notification of state aid to the European Commission. The funds obtained from the recapitalization enabled Przewozy Regionalne—which changed its name to POLREGIO in January 2020—to implement the measures provided for in the restructuring plan, most notably the repayment of debts, primarily to companies in the PKP Group. In the years following the renewed nationalization of Przewozy Regionalne—POLREGIO, the company's economic and financial condition improved, as it recorded positive net financial results starting in 2016 and launched its first major rolling stock modernization program worth over PLN 600 million, financed by a loan from Bank Gospodarstwa Krajowego [9].

**A Brief Assessment of the Results of Railway Passenger Transport Regionalization**

Evaluating the 2008–2010 reform—commonly referred to as the *usamorządowienie* of regional railway transport—is inherently complex. If one were to assess this multi-year process of reforming Poland's regional railway services solely in light of market failures, recurring debt, and the state's subsequent reacquisition of ownership control over POLREGIO (Przewozy Regionalne), one would have to conclude that it did not represent a reform success and that, up to the present, the desired outcomes have not been achieved—namely, creating a railway operator equipped with modern rolling stock suited to the current market and efficiently providing high-quality transport services—although the carrier's financial situation has stabilized. Undoubtedly, further changes are still needed in this area.

However, POLREGIO itself and the issues tied to it should not overshadow the many other positive results of the regional railway reforms carried out from 2008 to 2010. These positive outcomes emerged both on the scale of the entire railway system in Poland and within individual regions. They include, among others [6, pp. 251–252]:

- The implementation by voivodeship governments of a broad investment program for purchasing new rolling stock dedicated to regional railway services. As early as 2013, the total value of these investments exceeded PLN 5 billion, and by 2022 it had risen significantly, far surpassing the PLN 7.5 billion figure set forth in the 2008 agreement with the marshals. These rolling stock investments were made either directly by the voivodeships or by railway companies they established.
- The possibility for voivodeship marshals to conduct their own policies regarding the operator structure in regional railway transport—either by creating their own railway operators based on rolling stock purchased with government support, or, alternatively, by announcing open tenders for the performance of regional services, entrusting their own rolling stock to the selected carrier.
- A noticeable improvement in the supply of passenger transport services in both quantitative and qualitative terms across all Polish regions, despite the general problems with running Przewozy Regionalne (POLREGIO). This improvement was possible thanks to the purchase of modern rolling stock and its availability to the company.
- A substantial increase in investment in regional railway infrastructure following rolling stock investments, funded through Regional Operational Programs (RPO). This was facilitated by the government's provision of resources from the Railway Fund for the beneficiary's required "own contribution," and later from the government's Kolej+ program.
- An overall enhancement of the railway's image in regional communities, made possible by the reinstatement of many railway connections at the initiative of the voivodeship marshals (on modernized infrastructure) and the use of modern rolling stock for these services, as well as by the government's railway station modernization program, which also encompassed smaller regional stations.

- A strong demand effect for rolling stock used in regional transport, benefiting Polish rolling stock manufacturers. For the first time since the start of the transition period, hundreds-of-millions of złoty in orders for new rolling stock were placed in Poland, creating jobs in this industrial branch and stimulating the development of manufacturers, along with the transfer of modern technology and know-how into the country.

There is no doubt that Polish society broadly welcomed the changes in the regional railway passenger transport market, with numerous surveys indicating that rail customers in the regions are not particularly concerned which entity provides regional railway services—the key factors are reliability, punctuality, and the overall quality of passenger service. In 2022, the entire regional railway transport market in Poland was split between POLREGIO—the sole provider operating under a public service contract in the Lublin, Lubusz, Opole, Podkarpackie, Podlaskie, Świętokrzyskie, Warmian-Masurian, and West Pomeranian Voivodeships (in most of these voivodeships, services were carried out wholly or partially with rolling stock owned by local governments and lent or rented to the company)—and other operators. In the Pomeranian Voivodeship, regional and suburban services were divided between SKM Trójmiasto and POLREGIO, while in the Kuyavian-Pomeranian Voivodeship, operations were split between POLREGIO and Arriva RP. In the remaining voivodeships, marshals partially entrusted regional railway services to newly established local-government companies and partly to POLREGIO [16].

Statistical data on railway passenger transport in the years 2017–2022, broken down by carriers operating in the Polish market, are shown in Tables **1** and **2**. These data indicate that, following the sharp decline in 2020 due to the COVID-19 pandemic, the overall railway passenger transport market began to recover the following year, culminating in 2022 with a record 342.2 million passengers carried—the highest figure in recent years. Of this total, 189.8 million (55.4%) were carried by companies controlled by the State Treasury (PKP Intercity, PKP SKM, POLREGIO), and 149.6 million (43.7%) by local-government companies. Moreover, the data show that local-government companies operating in the regional and suburban segments carried a larger share of passengers in 2022—87.2 million, or 25.5% of the total—than POLREGIO. They also outperformed the combined total of POLREGIO and PKP SKM Trójmiasto, whose combined ridership was 130.8 million, or 38.2% of the total.

**Tab. 1.** Railway passenger transport in 2017-2022 by carrier (million passengers) [16]

| Carrier | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| TOTAL | **303,6** | **310,3** | **335,9** | **209,4** | **245,1** | **342,2** |
| **State Treasury Companies** | | | | | | |
| **PKP Intercity** | 42,8 | 46,1 | 48,9 | 26,7 | 35,7 | 59,0 |
| **PKP SKM** | 42,3 | 42,2 | 43,1 | 25,5 | 32,7 | 43,6 |
| **POLREGIO** | 79,9 | 81,2 | 88,9 | 55,7 | 62,6 | 87,2 |
| **State Treasury Companies together** | **165,0** | **169,5** | **180,9** | **107,9** | **131** | **189,8** |
| **Local government companies** | | | | | | |
| **Koleje Mazowieckie** | 62,0 | 59,7 | 62,1 | 41,8 | 47,1 | 59,1 |
| **Koleje Śląskie** | 15,7 | 17,0 | 20,4 | 13,0 | 14,8 | 20,0 |
| **SKM Warszawa** | 23,1 | 18,9 | 22,0 | 14,9 | 14,6 | 17,7 |
| **Koleje Dolnośląskie** | 9,4 | 11,7 | 14,1 | 9,2 | 11,0 | 16,0 |
| **Koleje Wielkopolskie** | 8,1 | 11,0 | 12,2 | 7,6 | 9,3 | 14,3 |
| **ŁKA** | 3,9 | 4,7 | 6,0 | 4,6 | 6,0 | 8,7 |
| **Koleje Małopolskie** | 5,7 | 6,4 | 6,5 | 3,9 | 4,4 | 7,1 |
| **WKD** | 7,7 | 8,6 | 8,8 | 4,6 | 4,9 | 6,7 |
| **Local government companies together** | **135,6** | **138** | **152,1** | **99,6** | **112,1** | **149,6** |
| **Other carriers** | | | | | | |
| **Arriva** | 2,3 | 2,1 | 2,3 | 1,5 | 1,6 | 2,3 |
| **UBB** | 0,5 | 0,5 | 0,5 | 0,3 | 0,3 | 0,5 |
| **Other** | 0,2 | 0,2 | 0,1 | 0,1 | 0,1 | 0,2 |

**Tab. 2.** Share of carriers in the rail passenger transport market by number of passengers in 2017-2022 (%) [16]

| Carrier | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| **State Treasury Companies** | | | | | | |
| **PKP Intercity** | 14,11% | 14,87% | 14,55% | 12,73% | 14,56% | 17,23% |
| **PKP SKM** | 13,94% | 13,61% | 12,83% | 12,20% | 13,35% | 12,73% |
| **POLREGIO** | 26,31% | 26,17% | 26,46% | 26,62% | 25,55% | 25,47% |
| **State Treasury Companies together** | **54,36%** | **54,65%** | **53,84%** | **51,55%** | **53,46%** | **55,43%** |
| **Local government companies** | | | | | | |
| **Koleje Mazowieckie** | 20,44% | 19,24% | 18,49% | 19,96% | 19,22% | 17,26% |
| **Koleje Śląskie** | 5,18% | 5,47% | 6,07% | 6,20% | 6,06% | 5,84% |
| **SKM Warszawa** | 7,60% | 6,10% | 6,56% | 7,13% | 5,95% | 5,19% |
| **Koleje Dolnośląskie** | 3,09% | 3,78% | 4,20% | 4,37% | 4,48% | 4,68% |
| **Koleje Wielkopolskie** | 2,67% | 3,53% | 3,62% | 3,62% | 3,78% | 4,17% |
| **ŁKA** | 1,27% | 1,52% | 1,79% | 2,22% | 2,46% | 2,53% |
| **Koleje Małopolskie** | 1,89% | 2,08% | 1,93% | 1,86% | 1,81% | 2,06% |
| **WKD** | 2,55% | 2,77% | 2,62% | 2,20% | 1,98% | 1,95% |
| **Local government companies together** | **44,69%** | **44,49%** | **45,28%** | **47,56%** | **45,74%** | **43,68%** |
| **Other carriers** | | | | | | |
| **Arriva** | 0,77% | 0,69% | 0,69% | 0,72% | 0,65% | 0,67% |
| **UBB** | 0,17% | 0,16% | 0,15% | 0,13% | 0,11% | 0,14% |
| **Other** | 0,02% | 0,02% | 0,04% | 0,03% | 0,03% | 0,07% |

In summary, it can be stated that local-government-owned companies have, in recent years, firmly established their significant position in the Polish market for regional and suburban railway transport.

**Prospects for the Foreseeable Future**

In this concluding section of the paper, we may still consider two fundamental questions concerning problems related to the regionalization process of railway passenger transport—issues that continue to preoccupy observers of the Polish railway market.

The first question concerns possible structural and ownership changes among the group of local-government-owned railway companies and within the company POLREGIO. It should be noted that, after creating their own railway companies, some voivodeship governments became not only organizers of regional railway services—with the obligation to order and finance them—but also entities exercising ownership control over the operators providing these services. This aspect is often raised not as a criticism of the voivodeships that established their own railway companies, but rather as criticism of the general legal and systemic solutions that allow combining the functions of a public transport organizer and financier with the function of ownership oversight of the direct provider of those services. A similar situation also exists in inter-voivodeship railway services, where the State Treasury (the Ministry of Infrastructure) simultaneously acts as the organizer and financier of such services and as the entity supervising their provider, i.e., PKP Intercity S.A. Incidentally, the same characteristic can be observed in other branches of public transport beyond the railway sector. It has long been common practice for Polish city and municipal governments to create bus and tram companies wholly controlled by them and to assign these companies tasks involving public transport services.

In the railway sector, however, opponents of merging the roles of organizer, financier, and ownership controller of regional railway operators especially criticize the so-called *direct awarding* of contracts used instead of an open, competitive tender. They emphasize the theoretically valid point that competition in tenders for the provision of regional services would lead to higher quality of services offered by the operators. On the other hand, it could also relatively reduce public authorities' expenditure on transport services for the population. Another argument pertains to EU regulations. Currently, the provisions of the European Union's Fourth Railway Package allow, until 2028–2030, a transition period in which direct awarding of contracts for railway passenger services may still be used. After that, this option will be phased out, and such contracts will then be required to be awarded solely through competitive tenders.

In this context, for the foreseeable future, both the voivodeship governments and the State Treasury will face problems—and likely dilemmas—regarding the ultimate ownership framework for passenger railway operators who provide public service contracts. It has not yet been fully clarified in light of the Fourth Railway Package to what extent open, competitive, and impartial tenders for public railway transport services will conflict with the ownership structures of railway operators. Without making any definitive statements here regarding possible directions of ownership changes in the segment of regional railway transport, it is worth highlighting two fundamental barriers to the development of genuine competition for public service contracts in railway transport. The first barrier is rolling stock that meets all modern requirements—it cannot be antiquated or obsolete. The second barrier is maintenance facilities for such rolling stock, which also must meet stringent environmental requirements. While rolling stock is mobile—its owner can always deploy it to a given area, though rolling stock from abroad must undergo the so-called *Polonization* process—maintenance facilities are fixed infrastructure and immovable. It should also be noted that in recent years, some larger local-government-owned companies have acquired large quantities of modern railway rolling stock and invested heavily in maintenance facilities for that stock. Thus, if voivodeship governments in the future have to partially or fully divest their ownership stake in railway operators—for instance, by listing these companies on the stock exchange—they should always consider the option of retaining control over the rolling stock purchased earlier.

After the renationalization of Przewozy Regionalne in 2015, the State Treasury, through the Industrial Development Agency (Agencja Rozwoju Przemysłu, ARP), has remained the majority shareholder of today's POLREGIO, while the local governments hold minority stakes. In this situation, there is therefore no contradiction in awarding public service contracts to the company for regional railway transport. It is also evident that the nationalization approach has stabilized the company's situation and now enables it to defend its market share. Nevertheless—in the author's view—this is not the optimal approach. ARP's role, as implied by the agency's name, is to restructure enterprises rather than to maintain long-term ownership control over them. Consequently, even in the case of POLREGIO, there will be a future need to adopt a new model for exercising ownership rights.

In the context of potential structural and ownership changes in the group of railway companies providing public services, one more conceptual and political trend in this area should be noted, which emerged in connection with a 2019 report by the Jagiellonian Institute [10]. The authors of that report asserted that local-government-owned railway companies are less economically efficient than Przewozy Regionalne and attempted to prove this in a highly unprofessional manner—a conclusion rapidly taken up by the media covering the railway market [2]. The resulting argument led to suggestions regarding some undefined consolidation or liquidation and raised doubts about the continued appropriateness of directing public funds to services provided by local-government companies, while positing that a large, nationwide entity would be the best solution [17]. Without engaging in a polemic with the theses of the cited report—a task that would require a separate paper—the author can only note that the report was clearly politically inspired and, presumably, also funded by groups broadly supporting a socio-economic policy based on centralist, nationalization-oriented, and essentially anti-local-government options. The final tone of the report sounded like an initial overture or prelude to a government takeover of local-government-owned railway companies, with an option to merge them with Przewozy Regionalne (POLREGIO) or implement other forms of centralized regional railway operations. In the author's opinion, under current socio-economic conditions, such an option is unacceptable.

A second set of important questions concerning the future of railway passenger transport regionalization relates to the aforementioned full implementation of the principles of the European Union's Fourth Railway Package. It may be recalled here that—beyond its technical aspects—the market components of this package are contained in:

- Directive (EU) 2016/2370 of the European Parliament and of the Council of December 14, 2016, amending Directive 2012/34/EU as regards the opening of the market for domestic passenger transport services by rail and the governance of the railway infrastructure [4],
- Regulation (EU) 2016/2338 of the European Parliament and of the Council of December 14, 2016, amending Regulation (EC) No. 1370/2007 concerning the opening of the market for domestic passenger transport services by rail [14].

Directive 2016/2370 introduced a number of new provisions regarding the functioning of infrastructure managers and the railway transport market. From the perspective of this article's subject matter, two new provisions stand out as most significant. The first is the revised text of Article 10(2) of Directive 2012/34, which now reads: "…Railway undertakings shall be granted, on fair, non-discriminatory and transparent conditions, the right of access to railway infrastructure in all Member States for the purpose of operating passenger services by rail …"

Nevertheless, the directive retains provisions allowing for the possibility of restricting the right of access in cases where a given route—or an alternative route—is covered by at least one public service contract, and exercising that right would compromise the economic equilibrium of the contract(s). The second important provision of the revised Directive 2012/34 is Article 13a, under which: "…Member States may require railway undertakings operating domestic passenger services to participate in an integrated information and ticketing system for the sale of tickets, through tickets and reservations or may empower competent authorities to create such a system …"

These provisions no longer generate significant controversy in EU Member States, where railway transport liberalization policy has been pursued since 1991 (Directive 91/440). It appears that Poland will also experience no major controversies in this area—particularly because the regulations preserve the option for Member States to introduce certain restrictions. Nonetheless, the manner and scope of implementing restrictions on the free access to the railway market remain somewhat uncertain.

The above-mentioned Regulation 2016/2338 substantially revised Regulation 1370/2007 concerning public passenger transport services by rail and by road. The most significant changes—which in recent years have sparked much debate—concern Article 5 of that regulation, entitled: *"Award of public service contracts."* These provisions define the circumstances under which direct awarding of contracts (i.e., without tender) for public collective transport, including rail, is permissible; in other cases, open tenders will be obligatory after a transition period. It should also be noted that, as part of the amendment to Regulation 1370/2007, an extensive catalogue of possibilities was introduced for departing from tender procedures—possibilities which, in the author's opinion, will be used in many EU countries in the future to justify opting out of tender procedures.

A completely new group of provisions in Regulation 1370/2007 specifies that the competent authorities, when considering initiating a competitive tender procedure, should evaluate "whether measures are necessary to ensure effective and non-discriminatory access to suitable rolling stock." This evaluation should take into account whether there are companies on the relevant market that lease railway rolling stock or other market entities providing rolling stock leasing services. Based on this assessment, they may decide, if necessary, to take appropriate measures to ensure effective and non-discriminatory access to suitable rolling stock. Such measures may include:

a) the acquisition by the competent authority of rolling stock used to perform a public service contract in order to make it available to the chosen provider of public services at market rates or under the public service contract …,
b) the granting by the competent authority of guarantees for the financing of rolling stock used to perform the public service contract at market rates or under the public service contract … including a guarantee covering the residual value risk,
c) the competent authority's commitment in the public service contract to take over the rolling stock at previously established financial conditions at the end of the contract, at market rates, or
d) ooperation with other competent authorities to create a larger rolling stock pool.

The new rules permitting active involvement of the "competent authorities," i.e., public authorities, in the availability of rolling stock have undoubtedly been welcomed by the EU passenger railway transport market. It is also worth noting that, in Poland - long before these Fourth Railway Package regulations were adopted - "competent local authorities" were already acquiring, and continue to acquire, rolling stock that is later used by operators under public service contracts. Pursuant to the cited provisions, new initiatives by public authorities can also develop regarding the creation or co-creation of so-called rolling stock pools, ensuring that the rolling stock resources used in passenger services are adequately shaped in terms of both quantity and quality. In Polish conditions, however, this matter - as it relates to the Fourth Railway Package - remains an open question.

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