

Zero-fare Transport Services and Its Impact on Segment of Students

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Abstract The end of 2014 brought big changes for the Slovak rail passenger transport market. On November 17th, the state began to cover the full cost of tickets for selected passenger groups, which caused a significant increase in passenger numbers from these groups. It is a European rarity. This social initiative made many people happy, but also brought a lot of displeasure. The aim of this paper is to analyse, on the basis of primary research, impacts of zero-fare transport services on the segment of students. The paper also provides an overview of zero-fare transport conditions and basic characteristic of Železničná spoločnosť Slovensko.

Keywords rail passenger transport, students, primary research

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1. Introduction

The end of 2014 brought big changes for the Slovak rail passenger transport market. On November 17th, the state began to cover the full cost of tickets for selected passenger groups, which caused a significant increase in passenger numbers from these groups. On December 14th, the Czech private company RegioJet began a service on the Bratislava – Žilina – Košice line. Until that date, Železničná spoločnosť Slovensko was the single carrier in rail passenger transport on this route. The Bratislava - Žilina - Košice route is a key one for rail passenger services in Slovakia, as it connects the eastern with the western part of Slovakia.

2. Goals and methodology

The goal of the paper is to analyse, on the basis of primary research the acceptance of zero-fare transport services by segment of students and identifying consequences of this issue on rail passenger transport in Slovakia. In the survey, we set two hypotheses.

3. Analysis of current situation

ZSSK is a joint-stock company with the seat in the Slovak Republic (SR), founded on 13 December 2004 and incorporated into the Companies' Register of the District Court of Bratislava I as of 1 January 2005. Its founder and a

100-percent shareholder is the Slovak Republic, represented by the Ministry of Transport, Construction and Regional Development of the Slovak Republic (MTCRD SR). ZSSK settles its needs and costs from income obtained from its business activities, as well as from foreign resources. For many years it was the only company providing passenger rail transport service in the Slovak Republic. It carries out an average of 1,445 daily train connections, operates services in 69 of the 79 districts of Slovakia and stops at 690 stations and stops in Slovakia. [1]

Types of trains in domestic transport in Slovakia:

- EuroCity (EC),
- InterCity (IC),
- Express train (EX),
- fast train, (R)
- fasten train (RR),
- local train (Os).

Table 1. Important numbers of Železničná spoločnosť in Slovakia

	2012	2013	2014	2015
Transported passengers (mil. person)	43, 445	44, 287	47, 286	57,275
Employees (in thousands)	5 846	5 724	5 841	5 949
Loss (in mil.)	11, 272	7, 105	6, 379	5, 889
Average wage (€)	877,15	886,69	912,58	956,25

3.1. Zero-fare transport services

Železničná spoločnosť Slovensko provides from 17 November 2014 by a decision of the Slovak Government zero-fare transport services for:

- children under 15 years of age,
- full - time students under 26 years age,
- seniors under 62 years of age,
- seniors over 62 years of age.

Passengers entitled for zero-fare transport services are required to register at ZSSK cash desks

Upon registration, they will obtain their rail customer cards that will allow them to get zero-fare tickets for travelling by trains. Zero-fare tickets are passenger-specific and train-specific (for long distance trains only), i.e. the tickets are non-transferable and bound to a specific train. Zero-fare tickets are bound to long-distance trains of R, RR, Ex, EN, EC, SC category. The zero-fare transport is not available on IC trains. [2]

Table 2. Revenue of company

v tis. EUR	2014	2015	Difference
Passenger transport and related revenues	110 043	90 003	-20 040
Compensation from Contract on Transport Services in Public Interest	212 632	226 106	13 474

In Table 2 we see that revenues related to the transport of passengers in 2015 declined about 20 million. Eur. Compensation from Contract on Transport Services in Public Interest, which is provided to the company by State had risen only slightly over 13 million. Eur.

The introduction of free of charge transport divided Slovak passengers into two groups. Those who expressed satisfaction with the strain the budget and the second group, which calls for investments improving train services. To free of charge transport was registered 890,902 passengers in 2015, more seniors than students. ZSSK recorded 461,454 registrations of seniors, it represents 51.8 % of total. Free of charge travel by rail took away part of the passengers from the bus transport. Suburban buses were changed to trains by 3 % percent of passengers, which represent 185 thousand passengers. 17 % passengers left coaches, which represents 395 thousands of passengers. [3]

4. Results

In 2015, we realized a survey on the sample of 391 students. The survey was focused on the student's reactions to the introduction of free transport.

Hypotheses

H1: More than 80 % of students use free of charge transport by Železničná spoločnosť Slovensko.

H2: More than 30 % of respondents think, that support of students could be performed differently than by compensation of rail transport.

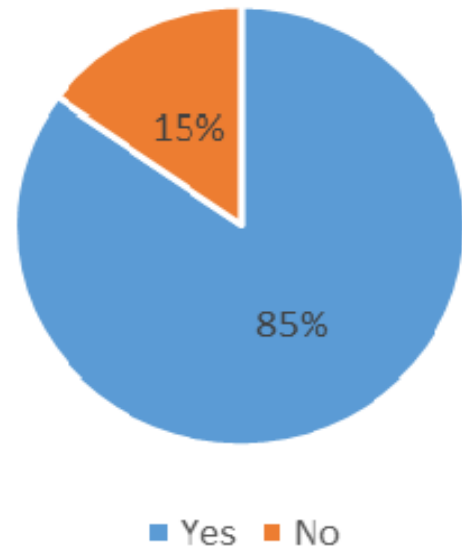


Figure 1. With transporting by Železničná spoločnosť Slovensko, do you use the compensation from the State and therefore transport free of charge?

Figure 1 shows the percentage of students who used the opportunity of free of charge transport. Figure 1 also confirms the hypothesis No.1. In hypothesis, we assumed that more than 80% of the students use free of charge transport by Železničná spoločnosť Slovensko.

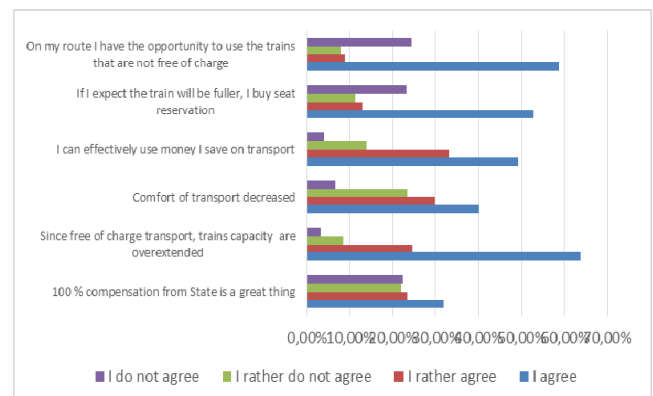


Figure 2. Give your opinion about following statements.

In Figure 2 we can see six statements. Respondents should give their opinion about them on the scale of answers. Scale included answers: I agree, I rather agree, I rather do agree, I do not agree on which respondents were asked on a scale of responses express their opinions.

- 100 % compensation from State is a great thing.
- Since free of charge transport, trains capacity are overextended.

- Comfort of transport decreased.
- I can effectively use money I save on transport.
- If I expect the train will be fuller, I buy seat reservation.
- On my route, I have the opportunity to use the trains that are not free of charge.

Comprehensive view of Figure 2 shows us that free of charge transport for students and pensioners has brought several changes for passengers. It means, that 63.7% of respondents think that the trains are fuller, since the entry of free of charge transport and 40.1% of respondents said that comfort of travelling fell. Only few percent of respondents do not agree with this argument. Nearly 50% of respondents claim that they can effectively use the money which they save on traveling, although only 31.9% of respondents believe that free of charge of transport was a good idea. 22.4% of respondents disagree with the statement and 22% tend to disagree with it. 24.4% respondents do not have opportunity use other train as the trains of ZSSK and 58.7% of respondents have the option of using another train, but obviously prefer trains of ZSSK.

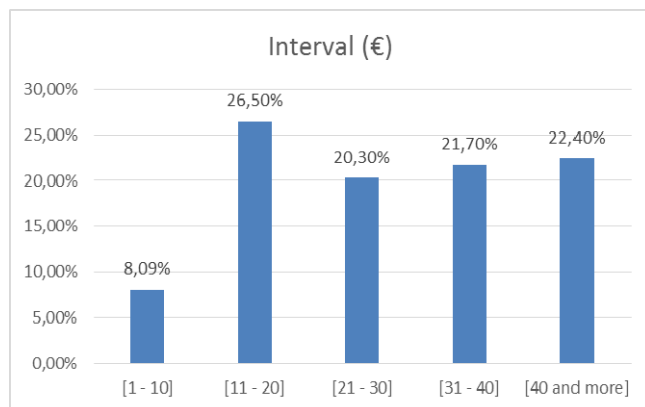


Figure 3. Please estimate how much money per month you save with free of charge transport.

We were interested in what impact had grant from the state to the economic situation of the respondents. They were asked to estimate about how much per month will save on travel. The values of the responses were divided into five intervals. Most responses remained in the range from 11 to 20 €. Mode, the value that occurred most frequently among responses is 20 €. Average savings of respondents of free charge transport is 33 € and the highest value of what respondents said, was 100 €.

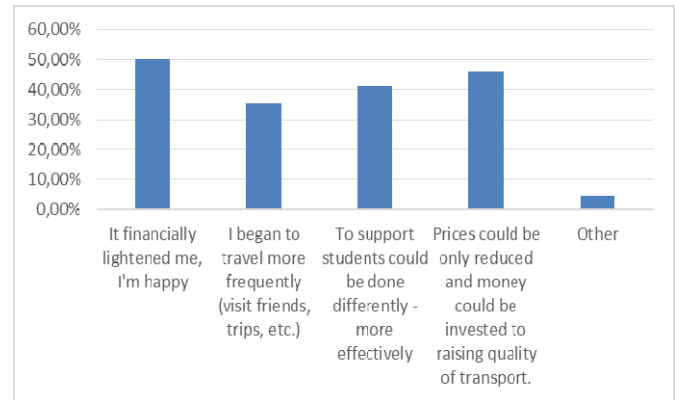


Figure 4. How would you evaluate free of charge transport?

As the survey began in October 2015, respondents have already had the opportunity to travel free of charge, that is why we wanted to find out how respondents evaluate this possibility. Respondents had the option to mark more than one answer.

50.2% of the respondents in stated in their response that free travelling lightened their finances and so they are satisfied. The positive effect of free travel, we can mainly see in the potential for traveling to see family, friends and making trips general more often.

35.3% of the respondents marked this answer.

46% of respondents agreed with the claim that enough would be to subsidize only part of the price of ticket and rest invest into the quality of traveling services.

41.1% of respondents agree with the statement that supporting students could have been done differently than with a free train transportation.

4.5% of the respondent marked another option.

Thanks this question we have confirmed the hypothesis number 2, also that at least 30% of the respondents think that students could be supported in other way than by subsidizing train transportation.

5. Conclusions

Free of charge transport for specific segments of citizens is European rarity. This social initiative made many people happy, but also brought a lot of displeasure. Free of charge transport is not actually free of charge, but is paid from State budget. In table 1 and 2 we can see while the number of passengers increased almost by 10 million, revenues from transport decreased and State compensation is growing. In the survey, we asked students to express the experience with free of charge transport, their satisfaction or dissatisfaction.

The results showed that comfort of transport declined and the trains are much fuller. Up to 84.9 % of respondents use free of charge transport and it will save them 20 € on average per month.

Although respondents admit that the free of charge transport financially lightened their budget and they are satisfied, they also agree with the statement that the prices

could be only reduced and students could be supported differently.

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