



Terms of Reference for transport spending review

The spending review of transport expenditures amounting to 2.7% of GDP annually will propose measures increasing the efficiency of the current investment envelope while preserving its size and increasing the efficiency of unit operating costs in a sustainable way (approximately 0.14% of GDP annually) for transport in the chapter of the Ministry of Transport, Construction and Regional Development (MoTCaRD SR). The objective of public transport investments and policies is to develop transport so that it will enable transportation of goods and persons quickly, safely, at high quality, with the lowest possible negative externalities and for affordable prices in the areas, where the private sector cannot provide it.

Result objectives

The main objective of public transport investments and policies is to develop the transport infrastructure and modes so that they will enable transportation of goods and persons quickly, safely, at high quality, with the lowest possible negative externalities and for affordable prices in the areas, where the private sector cannot provide it. There is no optimum result indicator for this objective. However, the substitute, mostly output indicators, such as a higher share of highways and speedways in the road network, a lower share in the first-class roads in non-conforming condition, better utilisation of public transportation and a higher share of cargo railway transport in the overall freight transport, will contribute to its improvement.

TABLE 1 - Objectives and result indicators in transport

Objective	Indicator
<i>Speed (safety)</i>	<i>Share of highways and speedways in the road network (%)</i>
<i>Quality</i>	<i>Share of first-class roads in non-conforming condition</i>
<i>Efficiency</i>	<i>Modal split of cargo railway transport</i>
<i>Externalities</i>	<i>Modal split of cargo railway transport</i>

Fiscal objectives

The amount of average annual investment expenditures on transport from the state budget except the EU funds will be reassessed with the objective of stabilisation on the horizon of four years. The expenditures on projects implemented from EU funds allocated to the programme period 2014 to 2020 will have been exhausted by 2020. The largest investment projects financed from the state budget also within OPII will be evaluated through a cost-benefit analysis. Those, which will bring the highest value for money in the long-term, will be prioritised.

The other expenditures of the Ministry of Transport, Construction and Regional Development of the Slovak Republic (MoTCaRD SR) include in particular subsidies to railway transport, expenditures on maintenance and repairs of roads and highway, and payment for the PR1BINA PPP project availability. The objective of the spending review (review of spending structure) is to increase the effectiveness of expenditures on operation and maintenance. Transfer of resources from construction to maintenance of the infrastructure will represent a medium-term objective.

TABLE 2 - Baseline scenario of transport expenditures (EUR mil.)

	2014 S*	2015 S	2016 R**	2016 BS***	2017-2020	BS total
OPT and OPII investments in total	826	1,771	1,081	1081		3,137



MoTCaRD SR investments except EU funds	76	183	46	105	456
MoTCaRD SR other expenditures except EU funds and investments	771	703	716	722	2,972
Total: Baseline scenario	1,673	2,656	1,843	1,908	6,565
Total: Value for Money scenario				1,794	6,094

*real expenditures **approved budget ***baseline scenario expenditures
Other details (BOX 14), methodology of baseline scenario creation

The Ministry of Finance of the SR will be responsible for the final report, which will be worked out in cooperation with the ministry of transport. For the needs of preparation of the analyses of the above areas, the MoTCaRD SR undertake to provide cooperation in providing complete and detailed data from the area of transport.

Initial data

TABLE 3 - Baseline scenario Investments connected with OPT and OPII (EUR mil.)

	2014 S	2015 S	2016 R	2016 BS	2017-2020 BS total
OPT and OPII investments in total	826	1,771	1,081	1081	3,137
EU funds	516	1,329	740	740	2,399
Co-financing state budget	90	229	130	130	424
State budget except co-financing - rate of financing deficit and necessary costs (above GAP)	138	210	211	211	313
Preparation of project financed from EU funds	81	4	0	0	0

TABLE 4 - Baseline scenario of MoTCaRD SR expenditures in the area of transport except OPII and OPT (EUR mil.)

	2014 S	2015 S	2016 R	2016 BS	2017-2020 BS total
Investments in road and railway infrastructure total, of which	76	183	46	105	456
<i>Development and modernisation of railway track</i>	15	74	8	30	132
<i>NDS investments</i>	53	102	31	65	283
<i>SSC investments</i>	9	7	6	8	37
Maintenance and repairs of roads and highways, of which	72	66	70	79	331
<i>NDS - repairs and maintenance of highways and speedways from the state budget</i>	29	18	29	29	123
<i>SSC - repairs and maintenance of first-class roads and operating expenditures SSC</i>	43	47	41	50	208
Railways of the SR - contract of railway infrastructure operation	272	272	273	273	1,145
ZSSK Contracts on transport services in public interest	265	218	218	218	882
Air transport	8	6	1	6	26
Water transport	0.2	0.2	0.2	0.2	1
Payment for PPP R1* availability	122	124	127	127	510
preparation and completion of PPP projects*	3	5	8	8	27
Central authority - MoTCaRD SR	22	7	15	7	29
Regulation and state supervision	7	5	5	5	21
Total	847	885	761	827	3,429

Other expenditures preliminarily not included in the spending review



TABLE 5 - Baseline scenario of expenditures of municipalities in the area of transport of economic classification of budgetary classification EKRK (non-consolidated, EUR mil.)

	2014 S	2015 S	2016 R	2016 BS	2017-2020 BS total
610 Wages, salaries, service income and other personal compensations	1	1	1	1	5
620 Premium and contribution to insurance companies	0.4	0.4	0.4	0.4	2
630 Goods and services	63	60	64	60	253
640 Current transfers	117	120	118	120	504
710 Acquisition of capital assets	96	174	105	179	777
720 Capital transfers	5	10	11	11	46
650+810+820	1	2	2	2	7
Total	284	367	301	373	1,593

TABLE 6 - Baseline scenario of expenditures of higher territorial units in the area of transport of economic classification of budgetary classification EKRK (non-consolidated, EUR mil.)

	2014 S	2015 S	2016 R	2016 BS	2017 to 2020 BS total
610 Wages, salaries, service income and other personal compensations	17	18	8	18	82
620 Premium and contribution to insurance companies	6	7	3	7	31
630 Goods and services	77	85	56	86	359
640 Current transfers	170	170	160	170	715
710 Acquisition of capital assets	28	55	54	56	244
720 Capital transfers	2	3	9	3	15
650+810+820	0	0	0	0	0
Total	300	338	291	341	1,446

TABLE 7 - Baseline scenario of investments within the framework of CEF - Connecting Europe Facility, EUR mil.

	2016 BS	2017 to 2020 BS total
Investments through the CEF total	248	991
EU funds	149	595
Co-financing SB + SB except co-financing	99	396

TABLE 8 - Expenditures of NDS and Railways of the SR from own resources

	2014 S	2015 S
NDS: expenditures on the construction of highways and speedways from public resources	20	20
NDS: repair and maintenance of highways and speedways from public resources	17	30
Railways of the SR: expenditures on the reconstruction and modernisation of the railway infrastructure from public resources	99	125
Railways of the SR: expenditures on the administration and maintenance of the railway infrastructure from public resources	143	145



BOX 1 - Methodology of calculation of transport baseline scenario

1. Calculation of the annual expected volume of investments within the OPII 2014 to 2020:

- The volume of finances earmarked within the OPII 2014 to 2020 for the area of transport is in individual years divided as follows: in 2016 to 2018, it is stated according to the approved budget, in 2019 and 2020, the remaining volume of finances is divided uniformly (EU resources and co-financing from the state budget)
- The expenditures within the OPII from the state budget except co-financing are in 2016 to 2018 stated according to the approved budget, in 2018 and 2019 they are calculated as the percentage from the earmarked volume of EU resources in the given year and the percentage share is equal to the average percentage share of state budget expenditures except co-financing from EU resources within the OPII in 2016 to 2018 according to the approved budget

2. In 2016, payments from OPT are still made, they are included according to the approved budget

3. Expenditures of the MoTCaRD SR on transport except OPII and OPT

- Investment expenditures are calculated as an average from 2013 to 2015, indexed by GDP*elasticity
- Expenditures on maintenance and repairs of roads and highways are calculated as the average of the years 2013 to 2015, indexed by CPI
- ZSSK Contracts on transport services in public interest - in 2016 to 2018, the amount is stated according to the approved budget, in 2019 and 2020 the amount from 2018 indexed by CPI
- Railways of the SR - contract of railway infrastructure operation - reality 2015 indexed by CPI
- Payments for PPP R1 availability are stated based on the planned nominal flows
- The baseline scenario does not take into account the expected costs connected with the PPP project D4/R7
- Other expenditures are indexed in compliance with the NPC manual

4. Expenditure of municipalities and higher territorial units on transport

- The expenditures are not consolidated, i.e. the volume of finances paid to municipalities and higher territorial units from the resources of the MoTCaRD SR, is not identified, they are indexed in compliance with the NPC manual

5. Investments within the framework of CEF - Connecting Europe Facility

- Within the programme period 2014 to 2020, resources from the financial instrument CEF amounting to EUR 743 mil. were earmarked for the transport sector. The preliminary volume of co-financing from the state budget and the volume except co-financing from the state budget is at an approximate level of 40 %. The mentioned resources (EU and state budget) are not included in the budget of the MoTCaRD SR chapter. The total volume of finances within the CEF is uniformly divided to 2016 - 2020 (EU resources and resources from the state budget).

6. Integrated regional operational programme 2014 to 2020, Priority Axis No. 1: Safe and ecological transport in regions

- The Ministry of Agriculture and Rural Development of the Slovak Republic is in charge of this programme, EU resources amounting to EUR 439 mil. are allocated to Priority Axis No.1. Implementation in the area of transport and transport policies is coordinated with the OPII programme and MoTCaRD SR.
- Investment expenditures within the IROP programme are not included in the baseline scenario