



# Infrastructure financing systems within ASECAP



Association Européenne des Concessionnaires d'Autoroutes et d'Ouvrages à Péage

# **Infrastructure financing systems within ASECAP**

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## **Statement**

The state of the art of the toll concession in European countries is part of the studies held under the scope of copper 1<sup>(1)</sup> in order to define what is toll. The answers received from AKA, ASETA, AISCAT, ASFA, ASFINAG, BRISA, BINA ISTRRA, DARS, NORVEGFINANS, TRANSMAGISTRAL, and partly TEO, to the questionnaire sent end of December, the different documents collected, allow to state the following points :

Most of the European toll road network is operated by companies with either public or private capital, or both. Privatization process of public companies has started in Spain, Portugal and more recently in France.

Despite that there are sometime important differences between one country to another, the most common situation is the one where concessionaire companies have to finance, build, maintain and operate the network they have in charge. Some companies are subcontracting the toll collection like AKA (Hungary) and DARS (Slovenia). SAPN in France has also adopted this system on the A14 motorway.

VAT is applied on toll tariff except in Norway, Slovenia and Croatia.

There is in Norway a particular system. The State is in charge to build and maintain the network. A specific company is created to finance a decided part of the construction costs and to collect the equivalent amount in toll. In Slovenia, the State has given to DARS 270 km of road network already built where DARS is collecting the toll which will be used to finance new sections and to maintain the toll and non toll networks (non toll : 68 km long). In Austria, the 2/3 of the motorway is under toll sticker for the moment. The money is collected by ASFINAG.

There is now new financing system like “shadow toll” developing in European countries which compete with the financing systems existing amongst ASECAP members (financing of infrastructure done by the toll collected, with or without subsidies which are refunded in most cases). In this system, the State pays the concessionaires directly thanks to the taxes collected. In this context, the principle “user/payer” is no longer applied. There are 2 sections in Spain financed by shadow toll : M45, section of 37 km located south of Madrid; 62 km express lane in the Eastern country. There are also shadow toll projects in Portugal, one is the SCUT project (Algarve).

You will find here after a common definition of “Toll” amongst ASECAP members as well as a short description of the different existing financing systems.

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<sup>(1)</sup> Permanent Committee, chaired by Jean Mesqui. This committee has in charge to study the different financing systems of infrastructure in Europe.

## TOLL DEFINITION

1. Toll is the revenue collected, and considered as assets of its budget, by a company upon the whole or a category of the users of a road infrastructure or a road network, for one or several of the following purposes :
  - Finance
  - Build
  - Maintain
  - Operate
  - Improve

the above mentioned road infrastructure or road network.

2. Within ASECAP, the most part of the members are responsible of the whole of the above responsibilities.
3. Within ASECAP, toll is mostly distance related ; in some cases, it is time-related. The whole of the members consider that toll should, in the future, be primarily distance-related, even if other criterias could be taken in account in its calculation.

# Croatia

## Introduction

The toll in Croatia is a payment by the user for using a specific infrastructure or a network whose revenue is directly allocated to an independent entity loaded with financing, building, maintaining, and operating the infrastructure.

## I Legal Framework

Croatian concessions are of private law with a mainly private shareholding. They are allowed to pay dividends.

The tenor of the concession is of 28 years, but the law authorizes it to be up to 33 years. It is returned at the term of the contract.

The State gives its support with regards to project financing.

The concession is free of its borrowing policy, but requires the State's approval.

## II Obligations

The concession is loaded with designing, building, maintaining, developing and operating the infrastructure.

It has to adjust the infrastructure to traffic volume. Because the State determines the toll, it compensates all losses. The government's involvement implies that all adjustments require its approval.

## III - Financing

### **A. The toll**

The Croatian word is TOLL, the same as in English. It is a user fee.

The user only pays for specific infrastructures and the rest are free; the toll is determined according to political concerns.

There is no commercial policy with regards to the toll's amount.

The cost of perception is of 10% of the turnover. Because the workforce is cheap, the introduction of automatic means did not reduce these costs.

There is no tariffary modulation.

### **B. Subsidies**

The concession receives national subsidies that account for 60% of annual revenues. These subsidies will be extinct in 15 years.

The government's contribution is paid back after the extinction through a profit sharing obligation:

- 70% government
- 30% shareholders

### **C. Fiscal Obligations**

The concession is on tax holiday until 2010.

## **IV Annex Services**

Annex services are supplied by sub-concessions. As there is not much traffic, they build their own structures and do not pay royalties their first 10 years. They therefore do not generate revenues for the concession.

Furthermore, there are legal issues concerning some installations built under the communist era; the law concerning them is not clear.

# Spain

## Introduction

### **A. The Toll**

In Spain, the toll is the payment by a user for using a specific infrastructure .  
The revenue is directly assigned to a legally independent entity in charge of :

- Financing, building, maintaining, and operating the infrastructure for Spanish toll motorways
- Maintaining, and operating the infrastructure for the A-8.

The revenue is directly assigned to an independent legal entity that finances, maintains and operates the network  
Some concessions have to build tolled and also non-tolled motorways. In this case, the revenue of the toll motorways is also used to finance the non-toll motorway. This is the case for the new toll radial of Madrid that must also build the M-50 ring motorway which will be free for the user.

In the Basque Country, the A-8 motorway will be returned in June 2003 to the Basque Government which will continue to recover toll fees in order to finance a non toll motorways in the region, through the alliance of a public society and a private concessionary in charge of collecting the toll, maintaining, and operating the infrastructure, expecting a royalty.

### **B. Shadow Tolls**

#### **1-Conditions**

Spain also uses shadow tolls in two sections on operation:

- M-45: It is a 37,1 km long motorway in the south and est of Madrid that has been granted for 25 years
- A 62,4 km long highway in the east of Spain granted for 26 years.

The concessions will directly invoice the Authority taking into account the registered traffic according to the formula: Veh \* km \* toll fee.

In other regions as Navarre and Castilla La Mancha, there are plans for other shadow toll motorways.

#### **2 - The pros and cons of the shadow toll:**

For all citizens, there is no special advantage on the use of the shadow toll. On the contrary, there are cons that must be taken into account:

- Every taxpayer pays the facility; that is not fair for the taxpayers that will never use the facility.
- Foreigners do not contribute to finance the facilities although they may use it.
- There are other social priorities which need public funding and that cannot be solved if the funds are used to construct infrastructures.
- This delays the payment of the facilities and it does not suppose a saving in the public budget.
- It is not convenient to mix financial infrastructure systems (toll, shadow toll, free-toll express ways...) in order to maintain a consistent system.



Under the State's point of view, the shadow toll has several advantages as :

- A private management is more efficient than the public management.
- Better maintenance of the motorway
- To delay the payment of the infrastructure
- It can start the construction of the facility earlier than if it were financed by the State.

## **C. The different schemes which exist in Spain**

1. - The payment by a user for using a specific infrastructure which revenue is directly assigned to a legally independent entity in charge of:
  - Financing, building, maintaining, and operating the infrastructure for Spanish motorways
  - Maintaining, and operating the infrastructure only
  - Financing, building, maintaining, operating the infrastructure with or without the toll system
2. - The shadow toll

## **I Legal Framework**

Concessions are governed by private law.

There is only one group (Grupo ENA) owned by the State that operates 4 motorways but it will be privatised this years.

All the other concessions in Spain have a 100% private shareholding.

All concessions have this right to pay dividends.

Up to now, the maximum tenor is of 75 years (including time extension). The new legislation that is going to be passed this year will reduce the maximum period of concession to 60 years.

All concessions are returned to the granted authority. In June 2003 the A-8 motorway will be returned to the Basque Country Government.

In 1988 the State and exchange rate guaranties were abolished. Now, there are no special State guaranties.

Concessions are free to determine their borrowing policy.

## **II Obligations**

The concessions are required to build, maintain, improve and operate the infrastructure. They are not required to adjust or expand the infrastructure according to the traffic volume.

## **III Financing**

### **A. Toll :**

The Spanish term is "Peaje" and the English translation is "Toll".

The toll is a usage fee subject to a VAT of 16%.

The amount of the toll is based upon: the number of axles, the distance travelled, the time (some toll motorways apply different toll rates according to the moment (hour) when the transit has been made), the number of transits made in a concrete period of time (generally in a month), the residence (some toll motorways apply different toll

rates according to the place of residence of the user) and the payment mean (some toll motorways have special discount according to the payment mean used).

The amount of the toll is related to the construction and operating costs and driven by commercial considerations.

The concessions are in charge of collecting the toll.

The introduction of the automatic "passes" has reduced these costs.

Some concessions adjust the toll amount to traffic volume. The toll rate review system for the motorways granted by the State take into consideration the Average Cost Living Index corrected by a coefficient that shows the difference between the foreseen ADT and the real ADT.

## **B. Subsidies**

Sometimes the State and some Regional Governments have reduced the toll rates or have frozen the annual review of the rates. In those cases, the State or the Regional Governments are committed to compensate the concessionaire company.

The State can also grant a loan to the concessionaire company with special conditions, as it is the case of Autopista del Sureste.

## **C. Tax liabilities**

The VAT rate is 16%.

## **IV Annex Services**

Some concessionaire companies have created a company partial or totally owned by them for the operating of the commercial facilities. The others are sub-concessions. Their royalty is determined by a private contract between the concessionaire company and the sub-concessionaire company.

The sub-concession of the commercial facilities cannot exceed the period of the concession of the toll motorway. The private contract signed with the sub-concessionaire has to be approved by the correspondent authority.

The selection of the operator depends on the concession's priorities.

The turnover of the annex services represents around 3 % of the total turnover.

# Italy

## Introduction

In Italy, the toll is the payment by a user for using a specific infrastructure. The revenue is directly assigned to a legally independent entity in charge of financing, building, maintaining, and operating the infrastructure.

## I Legal framework

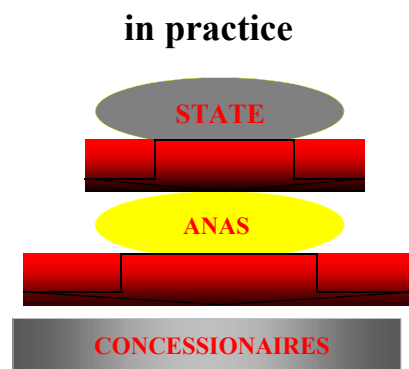
The concession is governed by private law.

Among Italian concessions are 100% privately owned companies as well as companies owned primarily by public authorities (local, regional authorities) but with private shareholders also.

The concession has to be returned at the end of duration.

### **-TENOR OF THE CONCESSION**

The concession agreement provides a reference contractual framework of the rights and obligations of each of the parties.



ANAS is the National Road Agency, that deals with the main national road network, directly (toll free motorways, main interurban roads etc.) or awarding the concessions for toll motorways

No State guarantee is foreseen. Public funding can be decided on a case-by-case basis, depending on the local conditions and on the expected societal benefits, when the investment could not possibly be paid for by traffic revenues only. For the latter there is no special obligation or predefined quota.

Concessions are free to determine their borrowing policy.

## II Obligations

In compliance with the concession contract, the concessions have the obligation of:

- Build, maintain, upgrade the relevant motorway sections, toll collection included;
- Organise and maintain motorists information and assistance services;
- Maintain accounting as specified by the Concession;
- Provide ANAS with the relevant information necessary to assess the good development of the concession, in compliance with the concession contract provisions.

Furthermore Concessionaire will:

- Apply and adjust toll rates according to the formula established by the terms of the concession (Price-Cap formula);
- Grant sub-concessions on a fee basis and at market rates for the occupation and use of motorway adjacent areas (service areas);
- Sell advertising (in compliance with the Italian law, i.e. advertisement must not be visible from the motorway while driving);
- Install and Supply (in compliance with the applicable legislation) telecommunications network.

However, the concessions are not required to adjust or expand the infrastructure according to traffic volume. . In order to safeguard the level of service infrastructure enhancement (e.g. widening) can be developed in the framework of the concession, but they must be agreed with the granting body (ANAS).

The financing of the investments is accomplished by means of “auto-financing” mainly (i.e. tariff increase due to new investments); public funding could also be present, on a case-by-case basis.

## **III Financing:**

### **A. Toll**

The Italian term is “Pedaggio”, for which the English translation is toll. The toll is a usage fee.

The amount of the toll is based upon the distance travelled, the Number of axles, Pollution level for the alpine tunnel only, and the height on the first axle.

The amount of the toll is related to the construction and the operating costs.

The amount of the toll is not driven by commercial considerations.

The concession companies are the entity in charge of collecting the toll.

The introduction of the automatic “passes” reduced the costs of collecting.

The companies do not adjust the toll amount to the traffic volume or to specific time periods (due to technical and operational reasons, though the concession contract would permit it).

### **B. Subsidies**

Public subsidies can be present on a case-by-case basis (e.g. funding from European budget lines for R&D or implementation, funding for infrastructure enhancement, funding for new projects etc.) but no fixed quota neither obligation is foreseen.

### **C. Tax liabilities**

In addition to VAT, the toll amount contains also a small amount that will be given to the so called "Central Guarantee Fund", that is a sort of "common basket", created by law, held by the Ministry of Economic Affairs, and intended as a mutual support fund to be used in case of short term financial crisis for a member or similar events.

The amount of the contribution is of 0,00155 ¤ / km travelled for light vehicles (classes A and B of Italian classification) and of 0,00465 ¤ / km travelled for heavy vehicles (classes 3,4,5, of Italian classification).

Anyway, this can hardly be considered a tax, since it is typically earmarked, and not intended for general purposes use.

The concession companies must pay a value added tax on toll receipts.  
The VAT rate is 20%

## **IV Annex services**

The commercial facilities are run by sub-concessions. The royalty is determined by market negotiation, the legal constraint is the sub-concession contract established under civil law.

The operators are chosen under the tendering method. Those sub-concessions do not contribute to financing the network's ramps.

The percentage of turnover from service areas is only around 2.5-3 %.

The total of revenues other than tolls (i.e. service areas + other services/activities) can be around 4,5-5% in average for the whole of the concessionaires.

# Hungary

## Introduction

Hungary has to deal with a semi-open system. As the country is not big, tolls aren't paid at every highway link. The toll correspond to the payment by a user for using a network or part of a network

## I Legal framework

The concessions are governed by public law. The tenor of the concession is 35 years and it is returned at the end of the term of the contract. There is no state guarantee and the companies are free to determine their borrowing policy.

Although the State does not supply any guaranty, it requires a full transparency from the concession. The concession company is to operate as a private company.

At this very moment, negotiations are undergone with the government regarding the minimum level of social capital with regards to the total investment costs, because highways are not all run the same way. This is a problem in terms of account harmonisation.

## II Obligations

Concession companies are required to build, maintain, improve and operate the infrastructure. Moreover the company has to adjust or expand the infrastructure according to the traffic volume. Concessionaire companies organize the financing of the new investments through financial institutions. It is likely that banks that have already participated in project financing will do so again, just as shareholders.

## III Financing

### - Toll

The Hungarian word is DIJ that translates TOLL in English.

The toll is considered as a usage fee subject to VAT that went from 12% to 25% on January 1<sup>st</sup> 2003.

The amount of the toll is based upon the distance travelled, the number of axles and to the distance between axles.

The amount of the toll is related to the construction and the operating costs and is driven by commercial considerations. There is also a commercial consideration regarding the toll amount through possible subscriptions that enable the user to reduce his cost by 20%. These subscriptions concern local and frequent users, and speed passes as well.

A special entity is in charge of collecting the toll; the contractual relationship is based on a contract of undertaking that contain financial incentive.

The toll amount is adjusted the traffic volume in order to meet the optimum toll level.

- **Subsidies**

	percentage of the operating costs(.INCLUDING DEBT SERVICE)	percentage of project investment.
National	15% IN 2002 .OP SUBS IS AVAILABLE IN THE FIRST 6,5 YEARS ONLY	TOTAL 0,02% IN FACT

- **Tax liabilities**

13% in 2002, including VAT

- **The taxes due by the concession:**

The VAT rate was 12% until 12-31-2002, and it became 25% since 01-01-2003

**IV Annex services**

They are run by sub-concessions, their royalty is determined in progress, they have legal constraints, and these operators are selected by negotiations. They do not contribute to financing the network.

# Portugal

## Introduction

The toll is the payment by a user for using of a specific infrastructure which revenue is directly assigned to a legally independent entity in charge of financing, building, maintaining, and operating the infrastructure.

The shadow toll system is also used.

The operator counts the number of vehicles using the infrastructure and the State pays to the operator accordingly. The payment of taxes by the taxpayers are not related to the use of the infrastructure by each one individually, creating a cross financing among users and non-users that it is not acceptable. Nevertheless it can also be seen as a way to incentive regional development of interior areas.

Those are the two systems that exist in Portugal.

## I - Legal Framework :

Concessions are governed by private law. The public delegation (the grantor) is the Portuguese State represented by the National Road Authority, IEP – Instituto das Estradas de Portugal.

The concession has to be returned at the term of the contract, without charges and with no reversion funds.

Generally, there is no State guarantee, with the exception of the first two years of operation of shadow tolls concessions, where the State assures the financial viability of the concession.

Concession companies are free to determine their borrowing policy, nevertheless the State requires the concessionaire to present minimum levels of financing capacity.

## II - Obligations

In compliance with the concession agreement, the concessionaires have the obligation of:

- Designing, building, maintenance, widening of lanes (when applied) and operation (toll collection included);
- Provide the users with relevant information (variable message signs) and services, including gas stations and road/emergency assistance;
- Accountability as specified by the Concession;
- Provide IEP with the relevant information necessary to assess the good development of the concession, in compliance with the concession agreement.

Furthermore, Concessionaires are required to:

- Apply and adjust toll rates according to the formula established by the terms of the concession (updating of tariffs up to 90% of the annual IPC);
- Grant sub-concessions on a fee basis and at market rates for the occupation and use of motorway adjacent areas (service areas);



- Sell advertising (in compliance with the Portuguese law, i.e. advertisement must not be visible from the motorway while driving).

Generally, each concessionaire fully finances its own operation with financial resources raised or generated autonomously. Exceptions are the sections not subjected to toll collection, but still operated by the concessionaires that are fully financed by the State when it comes to the widening of lanes.

### **III Financing**

#### **A. Toll**

The Portuguese term is PORTAGEM, which means TOLL in English.

The toll is considered as the due payment for a provided service.

The amount of the toll is not driven by commercial considerations and is based upon the distance traveled, the number of axles, and the height over the first axle.

Actually, the number of axles and the height over the first axle are used to define the classe of vehicle (four classes in the toll regime and two classes in the shadow toll regime).

The initial toll is defined by the State according to the average tariff of the year of reference on the national toll network; But for the following years, tolls are updated based on IPC evolution, in the terms previously referred.

Concession companies are in charge of collecting both manual and electronic tolls, although they can assign the ETC operation to a supplier/provider, once the IEP certifies that contract. Such is the case of Via Verde Portugal, a company owned by Brisa in 75%, that is responsible – under contract with the concessionaires – for the operation of ETC for all toll concessions in Portugal.

We can notice that the introduction of the automatic “passes” has reduced the costs of collecting.

The concessionaire do not adjust the toll amount to the traffic volume, unless for shadow toll operations.

#### **B. Subsidies**

Only BRISA - Auto-Estradas de Portugal, S.A. receives subsidies from the state, as part of the contractual terms established in the concession contract, representing 20% of the project investment.

#### **c. Tax liabilities**

Taxes are around 16% of the revenues.

#### **D. The taxes due by the concession**

The concession pays a value added tax on its toll receipts. At present, the VAT rate is 19%. There is a fiscal neutrality clause in the terms of reference.

### **IV Annex services**

The commercial facilities are run by :

- The concessionaire;
- External service providers:

1. Via Verde Portugal is the company (in which BRISA has a majority stake) which operates the Via Verde system for all tolled concessions;
  2. each concessionaire has their own Road Assistance provider (in the case of Brisa a fully owned company), within their concession network, as well as bilateral contracts with external companies operating gas stations, restaurants and hotels.
- Sub-concessions: The volume of business and the quality of service determine the royalties.

There are not specific legal constraints.

Indirectly, they contribute to the financing of the network's ramps.

The operators of these sub-concessions are selected by public tenders, but such procedure is not compulsory, i.e., concessionaires could award directly such sub-concessions.

These annex services account for 2% in the turnover

# Norway

## Introduction

The State is not only in charge of planning but also of building and maintaining the road network including highways. The sector's companies are only in charge of financing certain infrastructures and collecting the toll. In general, the shareholding of these companies is a local or administration, although private shareholders can detain a minority.

There are currently two projects organized on the basis of a private-public partnership, where the private entity will have to finance and build the infrastructure.

There are three types of infrastructures being partly toll financed

- Tunnels and bridges linking the islands with the continent, or as single projects
- Road networks of major cities ( f. inst. Oslo, Bergen and Trondheim)
- Highways and expressways

In general, the shareholding of these companies is generally a local or regional administration, although private shareholders can detain a minority.

These organizations are regrouped under Norske Vegfinansieringsselskapers Forening (Association of Norwegian Road Financing Companies) (Norvegfinans)

## I Legal Framework

The concession is of private law but the shareholding is mainly public.

The concession has to be returned at the end of the contract. The borrowing policy is determined by the State; there are constraints such as the fact that the only recourse possible is to borrow from Norwegian banks and other financial institutions. There is a State guarantee in case of financial difficulties.

## II Obligations

The concession's only obligation is to supply the necessary financing and perform the toll perception.

## III Financing

### **A. The toll**

The Norwegian term is BOMPENGER that translates TOLL MONEY in English.

It is a user fee not submitted to VAT.

The user pays according to the weight and length of his vehicle.

However, the toll's amount is determined according to the construction costs and:

**1-For road networks of major cities** : It is determined by the State.

It is a balance between the global costs of the project package, the duration of the toll perception (usually 10 to 15 years). It also has to be acceptable for the citizen. It is not possible to drive into the city without paying toll.

**2-For highways and expressways** : It is determined by the State.

It is a balance between the global costs of the project, the duration of the toll perception (usually 10 to 15 years), and the benefits for the drivers generated by improved roads .

**3-For single tunnels and bridges** : It is determined by the State.

The amount of the toll is determined by the price to pay to use the ferry, considering the fact that there are no other free itineraries.

A different nonprofit organization may be in charge of the collection for each project. Nevertheless, it transfers its collection to the operator of the concession.

The introduction of automatic passes has reduced collection costs.

The collection organizations only finance part of the global costs.

The percentage differs according to the project and depends on the global costs, the traffic volume, etc.

The difference (rest of the global cost) is covered by the State.

## **B. Tax liabilities**

The concessions are not submitted to any specific tax.

# Austria

## Introduction

The Austrian network is of 2000km. The toll in Austria is the payment by a user for using of a specific infrastructure which revenue is directly assigned to a legally independent entity in charge of financing, building, maintaining, and operating the infrastructure.

The toll is also the payment by a user for using a network or part of a network which revenue is directly assigned to an independent legal entity that finances, maintains and operates the network.

## I Legal Framework :

Concession companies are governed by private law , are owned primarily by the State, and have the right to pay dividends. The tenor of the concession is unlimited.

ASFINAG is divided in two organisms :

- The OSAG, in charge of operating and maintaining a certain part of the network.
- The ASG, in charge of operating and maintaining a certain part of the network.

These organisms are made of:

- regional networks, consisting of highways and high-speed motorways.

OSAG has the form of a private limited company. It is detained mainly by ASFINAG.

ASG is held by: - 65% ASFINAG  
-35% by the provinces of Tyrol and Vorarlberg.

If neither ÖSAG nor ASG are in charge for operating and maintaining the network, ASFINAG has entered into contracts with the various regions to fulfill these tasks.

There is a State guaranty. The concessionaire companies are free to determine their borrowing policy.

Regarding the returning of the concession, the contract (usus fructus) does not have any limitation. However, ASFINAG has – under certain circumstances – the right to terminate the contract at the end of each year. The Austrian government has abstained from this right for 50 years.

From 1 January 2003, a new law regulates the toll system in Austria:

- all motorways and fast speed highways are subject to toll.
- the toll is related to the time spent on the network (time related toll) through a vignette system for vehicles up to 3.5 tons maximum gross weight.
- The toll is also related to the distance traveled on part of the network for all vehicles. For all vehicles above 3.5 tons maximum gross weight, a distance related toll will be implemented on the network until 1 January 2004 at the latest.

The ECO POINT SYSTEM is directed by the government and is independent from ASFINAG. It imposes restrictions regarding the passage frequency on the network in order to control the pollution level in the valleys.

## II Obligations

The concession companies are required to design, build, maintain, improve, supply annex services, and operate the infrastructure.

The concession companies are also required to adjust or expand the infrastructure according to the traffic volume. Expenses are financed within the ASFINAG balance sheet.

## **III Financing**

### **A. Toll**

The Austrian term for Toll is MAUT , and for toll sticker, the Austrian term is VIGNETTE . The toll is considered as a usage fee subject to VAT.

The amount of the toll is based upon: The distance traveled, the duration (Vignette) and the weight of vehicles.

The amount of the toll is related to the construction and the operating costs . There are no commercial considerations.

Other entities are in charge of collecting the toll, which are subsidiaries of ASFINAG. The cost of toll collection is about 6 % , including both the Maut and the Vignette. The introduction of automatic passes has reduced the costs of collecting. The companies do not adjust the toll amount to traffic volume.

### **B. Subsidies**

They are European subsidies. In some cases, less than 20 % of planning expenses for corridor projects (TEN pool).

### **C. Tax liabilities**

The revenues contain 20% VAT.

### **D.The taxes due by the concession**

The VAT rate is 20%.

There is no fiscal neutrality clause in the terms of references .

## **IV Annex services**

Annex services are run by third party providers of service. These annex services account for 4% in the turnover.

# Denmark

## Introduction :

The toll is the payment by a user for using a specific infrastructure which revenue is directly assigned to a legally independent entity in charge of financing, building, maintaining, and operating the infrastructure.

## I Legal framework :

The concessions are governed by private law and are owned primarily by the State.

Øresundsbro Konsortiet exclusively holds the concession to operate the Øresund Fixed Link and to collect fees from the Link's users. The tolls levied on the users are to repay loans that were raised for the construction costs and to pay for the operation and maintenance of the Link.

There are no statements concerning the return of the concession.

There is a State guarantee: The financial risks are monitored and managed within guidelines from the guarantors and in line with the Board of Director's financial strategy.

## II Obligations

The concession is required to design, build, maintain, improve, and operate the infrastructure.

## III Financing :

### **A-Toll :**

- The Danish term to describe the Toll is Usage Fee.
- The amount of the toll is based upon the type of vehicle (length) and the number of trips.
- The amount of the toll is related to the construction and operating costs and is driven by commercial considerations.
- The concession company is in charge of collecting the toll and the introduction of the automatic "passes" has reduced these costs of perception.
- The toll amount is not adjusted to traffic volume.

### **B. Subsidies**

European subsidies are obtained , they represent 5% of the investment's cost.

### **C. Tax liabilities**

They only pay the VAT tax and a value added tax which represents 25% of their revenues.

# France

## Introduction

In France, the toll is a payment by a user for using a specific infrastructure or a network which revenue is directly allocated to an independent entity loaded with financing, building, maintaining, and operating the infrastructure.

## I Legal Framework

French concessions are governed by private law and are allowed to pay dividends. Some are completely private (Cofiroute), and others are owned primarily by the State.

The tenor of the concession was of 35 years, but different measures lengthened the initial tenor. For the new concessions, the tenor can be of 50 to 70 years. The concession is returned at the term of the contract.

The State cannot give any guaranties since the 2000 reform. However, new concessions can rely on public subsidies.

Concerning borrowing policies, public companies that are not borrowing publicly are not free to determine them, except for ASF. Quoted public companies and completely private companies are free to determine their borrowing policy however.

## II Obligations

The concessions are required to design, build, maintain, develop and operate an infrastructure. They are also required to supply annex services.

However, they have no obligation to adjust the infrastructure according to traffic volume unless it is mentioned in the terms of reference.

## III Financing

### **A. The Toll**

The French word PEAGE that translates TOLL in English is a user fee

The user pays according to the distanced traveled, the number of axles, the weight of the vehicle, the pollutant level (an ATMB case)



The toll amount depends on construction and operating costs. It is given in the terms of reference for new concessions and for older concessions, other factors are taken into account, such as traffic volume, or the balance with other sections.

The subscription policies induce that the toll amount is driven by commercial considerations.

Concessions are loaded with the collection. The introduction of automatic passes has reduced the perception costs.

In specific section a policy of toll modulation is applied. The toll amount is adapted to traffic volume. It increases on peak hours and lessens out peak hours on certain sections (A14-A1).

## **B. Subsidies**

Only new concessions receive national subsidies. The A28 section recently awarded to ALIS' subsidy was of 40% of the investments.

## **C. Tax liabilities**

The concession pays 21% of its revenues in tax (excluding income tax).

## **D. Taxes due by the concession**

The concessions pay a VAT on toll receipts of 19.6%

## **IV Annex Services**

Commercial installations are supplied by sub-concessions. Their royalty is calculated according to their tax-free turnover. They are chosen through a public offer system. Sub-concessions do not finance the network's ramps.

Annex services represent 2% of the global turnover of concessions.

# Slovenia

## Introduction:

There is only one company that operates motorways in Slovenia. DARS, Društvo za avtoceste v Republiki Sloveniji (Motorway Company in the Republic of Slovenia) is a public company in the form of a joint-stock company, 100% owned by the State.

The company was established by law and entered in the companies' register on 7th December 1993. In accordance with the decisions of the National Assembly of the Republic of Slovenia, DARS, d.d. is in charge of financial engineering, preparing, organising and managing construction and maintenance of the motorway network, and is responsible for the management of motorways in the Republic of Slovenia. Since 1st January 1994, DARS, d.d. has had its head office in Celje and a branch in Ljubljana. There is no shadow toll in Slovenia.

## I Legal framework (for concessions):

Concessions are governed by private law. DARS d.d. is a public company in the form of a joint-stock company and was established by a law. It is 100% owned by the state.

The toll in Slovenia is a payment by the user and is directly assigned to DARS account. For actual toll collecting is responsible a public company for the motorway maintenance, named PVAC, which has a special contract with DARS.

## II Obligation

In accordance with the above mentioned law, DARS d.d. is in charge of financial engineering, preparing, organising and managing construction and maintenance of the motorway network, and is responsible for management of motorways in the Republic of Slovenia. By a contract (which is not a classic concession contract), the Republic of Slovenia transferred to DARS d.d. 198.4 km of up-to-then built two-lane and four-lane motorways and expressways and 67.5 km of access roads to them. Thus, DARS d.d. has assumed the right to collect tolls as a source of income, necessary for the management and maintenance of Slovenia's motorway network, as well as a source for building new ones.

There is no duration in the contract for the end of the concession.

## III Financing

The Slovenian National Motorway Construction Programme is financed from the following sources :

### **Petrol Tolar**

The "petrol tolar", the most important source for the motorway construction financing, so far. In the period 1994-2002 it represented 55% of sources for the construction of new motorways.

### **Toll**

Toll is intended for the maintenance and operation of motorways, financing the construction and debt servicing.

The toll in Slovenia is a payment by the user and is directly assigned to DARS account. For actual toll collecting is responsible a public company for the motorway maintenance, named PVAC, which has a special contract with DARS.

Domestic and foreign loans are raised in order to finance the construction of new motorways. In future, also bonds for domestic and foreign sale will be issued, presumably with a depreciation period of ten years.

In general, DARS is free to determine its borrowing policy. Nevertheless, a preliminary consent from the Parliament for raising medium- and long-term loans must be obtained a preliminary consent form the Parliament for raising medium- and long-term loans. For every loan, DARS has taken, the State issued a guarantee.

#### **IV - Les subventions**

Local governments participate in financing the construction of those motorways that will solve the traffic problems of large cities, like Ljubljana and Nova Gorica. Other sources include also interest on deposit of the "petrol tolar" surplus and tolls collected in the period 1994 to 1996.

# Ukraine

## Introduction

In Ukraine, the toll is the payment by a user for using a specific infrastructure or a network whose revenue is directly assigned to a legally independent entity in charge of financing, building, maintaining, and operating the infrastructure. However, one must recall that there are no operational motorway in Ukraine.

## I Legal Framework

- Concessions are governed by private law with a completely private shareholding.
- The tenor of the concession can be up to 50 years, and it is returned at the term of the contract.
- Concerning project financing, there is public share in the funding of projects and constructions.
- Concessions are free to determine their borrowing policy.

## II Obligations

Concessions are required to design, build, and operate the infrastructure. They have no obligation to adjust or expand the infrastructure according to traffic volume.

## III Financing

### **A. Toll**

The toll is a tax subject to VAT and considered as an operating expense.

The user pays according to the distance traveled. The toll is related to construction and operating costs, and it is also driven by commercial considerations.

The concessions are in charge of collecting the toll. The introduction of automatic passes reduced the costs of perception with regard to receipts.

The toll is not adjusted to traffic volume.

### **B. Tax liabilities**

The percentages of revenues that are taxes (excluding income taxes) are not determined yet.

## **C. Taxes due by the concession**

The VAT paid on toll receipts accounts for 20% of revenues.

## **IV Annex Services**

The toll operators run the commercial facilities. There are not under operation yet and therefore, it is not possible to determine the percentage of their turnover that these annex services account for.

# Greece

## Introduction

In Greece, the toll is the payment by the user for using a specific infrastructure which revenue is assigned to an independent entity in charge of financing, maintaining, and operating the infrastructure. In the case of TEO, the user pays for using a specific infrastructure which revenue is indirectly assigned to the infrastructure through a financial institution (TEO plays the role of the financial institution). The third system that exists in Greece is that the revenue is directly assigned to an independent legal entity that finances, maintains and the operates the network

## I Legal framework

The TEO concession is governed by private law and owned primarily by the State. Concerning the tenor of the concession, the new legislation is under examination, but the duration of the public delegation has not yet defined. There are also totally private companies in Greece where the rules are different.

There is a State guaranty and the concession company is free to determine its borrowing policy.

## II Obligations

The concession is required to maintain, and improve the infrastructure as well as supplying annex services.

The concession is also required to adjust or expand the infrastructure according to traffic volume.

## III Financing

### **A. Toll**

The Greek word \_\_\_\_\_ translates TOLL in English. It is a user fee.

The user pays according to the distance traveled and the number of axles of his vehicle.

The toll is determined by the operating costs.

The concession company is in charge of collecting the toll and the introduction of automatic passes reduced the costs of perception.

### **B. Tax Liabilities**

35% of the profit is assigned to taxes.

## **C. Taxes due by the concession**

The concession company pays an 18 % VAT on its toll receipts.

## **IV Annex services**

Annex services are supplied by third party providers of service.