

PRESS RELEASE

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AUSTRIA: Suspicious behaviour in the rail sector during the populists' reign of the Transport Ministry

Earlier this year, Austrian politics was rocked by the Ibiza affair: In July 2017 in Ibiza, Spain, a secretly recorded video showed the then leader of the Austrian right-wing populist party FPÖ, Heinz-Christian Strache, discussing his party's underhand practices and intentions assuming it would enter government later in the year.

Fact 1: In the video Mr Strache stated that Austrian entrepreneur Hans Peter Haselsteiner will not win any more contracts **as soon as the FPÖ will participate in the government**. FPÖ effectively did win power, becoming junior partner in the new government from December 2017 until May 2019 (when it collapsed after the video became public¹) and – among others – **it ran the Austrian Transport Ministry during that period**. Soon after the video became widely known in May 2019, Mr Haselsteiner – who owns 49.9% of WESTbahn, the largest non-incumbent passenger rail operator in Austria (and a member of our association) – announced that he would investigate all awards made over the preceding 18 months related to any of his investments.

Fact 2: WESTbahn had repeatedly applied to run subsidised rail concessions by submitting offers for Vorarlberg, Upper Austria & Salzburg **on its own initiative**, targeting the unique opportunity that new PSO contracts were needed in the wake of the Austrian-wide contract terminating in December 2019. However, WESTbahn's offers received **no response** from the Transport Ministry led by FPÖ Minister Norbert Hofer. Instead, in 2018, he signed another unchallenged direct award for Vorarlberg to the much more expensive state rail incumbent Austrian Federal Railways (ÖBB).

WESTbahn calculated that competitive tendering **or at least direct awards with compulsory benchmarking** for the concessions could have saved the taxpayer €1.5 billion over 10 years² (consistent with the benefits that competitive tendering has brought elsewhere in Europe³). To close the circle, in light of the Ibiza video it seems that there might have been a **hidden agenda** behind the more costly direct award. Consequently, WESTbahn has now provided a statement of facts to the Austrian Economic & Corruption Prosecutor's Office (WKStA) and called upon it to investigate.

ALLRAIL's Secretary General Nick Brooks says: **"It is crucial that the EU either instantly defines stricter rules for direct awards or – even better – fully bans them** even before December 2023 in order to avoid such suspicious cases and misuse of public money."

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¹ <https://www.thecitizen.co.tz/News/-Ibiza-affair--topples-Austrian-government--/1840386-5121988-wtuicuz/index.html>

² https://diepresse.com/home/innenpolitik/5681917/IbizaVideo_Westbahn-bringt-Anzeige-ein-und-macht-Hofer-verantwortlich

³ https://eur-lex.europa.eu/resource.html?uri=cellar:0f7c7e73-b211-418a-88dc-e211a3e21c17.0001.05/DOC_1&format=PDF