



**Not fit to run the Metro –  
*the sorry tale of Deutsche Bahn***

**Dexter Whitfield  
European Services Strategy Unit  
On behalf of the Northern TUC  
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DB Regio is currently one of two organisations processing through the final stages of competitive tendering to run Tyne and Wear Metro services for Nexus, the other 'bidder' being an in-house bid team. Informing this process is the performance record of each organisation, including how the management from each organisation can demonstrate operational efficiency, including how the management of each organisation will ensure good relations with the workforce, ensuring the commitment of the staff is brought to bear on a well-run public transport system.

The record of DB Regio and its parent company, Deutsche Bahn, appears to lead to some cause for concern.

This report was produced by Dexter Whitfield of the European Services Strategy Unit, on behalf of Unison, Unite and the Northern TUC.

**Main findings:**

- Deutsche Bahn has a far from exemplary record in managing safety in its train and light rail operations
- Deutsche Bahn has been forced to withdraw significant volumes of train services due to a failure to carry out essential safety checks
- Senior managers and executive board members have been sacked or are facing prosecution over failing to conduct essential safety inspections on trains
- Maintenance depots were closed, while the company continued to make huge profits
- Members of the Berlin House of Representatives called for the S-Bahn contract managed by Deutsche Bahn to be terminated.
- Deutsche Bahn employees have faced increasing verbal and physical harassment, had their e-mails and bank details spied upon, forcing the Chief Executive to resign in April of this year.

Deutsche Bahn AG is organised in a number of subsidiaries including DB Regio for local and regional services, DB Fernverkehr for long-distance inter-city services and DB Stadtverkehr GmbH which include the Berlin and Hamburg S-Bahn contracts. DB Stations & Service AG operates stations and commercial development.

This briefing reports on the performance of Deutsche Bahn's Berlin contract since they were invited to bid for the Tyne and Wear Metro operational contract in April 2009.

### **Chaos on Berlin's S-Bahn network**

The problem began with a train derailment at Kaulsdorf station on 1 May 2009. The German Federal Railway Authority (EBA) investigated the incident and found that a cracked wheel had caused the accident. It informed Deutsche Bahn that safety checks of wheels and brakes had to be checked on a weekly instead of a two-weekly basis.

### **Safety checks not carried out**

The German Federal Railway Authority discovered on June 29 that the recommended safety checks had not been carried out as specified and immediately required the unprecedented withdrawal of the entire fleet of 380 class 481 trains.

This led to the withdrawal of 75% of train services. For example on 20 July only 165 of the S-Bahn's 630 two-car units were operational. An emergency timetable was operating but 19 stations had no service plus none on the Schonefeld Airport and Spandau lines. There were no trains on the city's main east-west rail route from Ostbahnhof to Zoologischer Garten.

The German Federal Railway Authority issued new regulations on 16 July, which specified wheel life limits. The wheels are manufactured by the Canadian firm, Bombardier, but the guarantee on the wheels expired in 2007. The company sent additional engineers to assist with the wheel replacement work.

A limited service returned from 9 August but normal service is not expected to return until December 2009, a month after the city celebrates twenty years of reunification.

### **New problem with brake cylinders**

In early September 2009 a new safety problem arose with Deutsche Bahn announcing that 75% of S-Bahn trains would be cancelled from 7 September because brake cylinders had to be immediately replaced on the majority of trains. The S-Bahn system was again thrown into chaos with only 25% of trains operating.

At the beginning of October, two thirds of the trains were still out of service. On October 13 there were still 100 trains missing from the normal service.

### **Management team sacked**

The S-Bahn chief executive, Tobias Heinemann, and the three other members of the company's executive board, were sacked by Deutsche Bahn on 2 July. Berlin's justice department is investigating whether senior managers could face prosecution for ignoring the train maintenance requirements and allowing damaged trains to return to service unrepaired.

### **Workshops closed**

The problems were compounded because Deutsche Bahn had closed three of the six maintenance workshops since 2005 with the loss of 1,000 maintenance jobs in a cost reduction strategy. Deutsche Bahn has been heavily criticised for the closures reducing maintenance costs by extending the intervals between overhauls and reducing staffing levels. This was the period when Deutsche Bahn was being prepared for partial privatisation, which was only stopped in October 2008 because of the global financial crisis. A stock market flotation is not expected before 2013-14.

### **Profits extracted by Deutsche Bahn**

The annual transfer of an operating surplus from the S-Bahn company to the parent company Deutsche Bahn increased from €9m to €56m between 2005-08 with a transfer of €87.7m expected this year before the crisis developed.

### **Call for contract to be terminated**

Some Members of the Berlin House of Representatives called for the termination of the S-Bahn contract, which receives a city council subsidy of €225m per annum, will run until 2017. The transport authority, the Berliner Verkehrsbetriebe (BVG), had to increase the frequency of subway (U-Bahn), bus and tram services, particularly during the World Athletics Championships held in Berlin in August. The length and frequency of underground trains was increased to accommodate up to 20% more passengers.

In late July, Deutsche Bahn reported that 40 replacement buses for commuter rail routes had been taken off the road for mechanical repairs. The police had stopped three buses operating between the Berlin convention centre and Wannsee in the south west, citing faulty steering, damaged chassis and a battered gas tank.

### **Berlin withholds €millions from Deutsche Bahn**

The total cost of the S-Bahn crisis for Deutsche Bahn is expected to be between €75m-€100m in 2009.

The Berlin city/state makes a monthly €20m subsidy to the S-Bahn but the contract specifies that this dependent on the provision of services. The Berlin Senate consequently withheld €7m in July, €15m in August and €6m in September due to the non-availability of train services. Further deductions are expected for the October – December period thus increasing the amount withheld well in excess of €28m to date. The House of Representatives has also called for an urgent independent investigation into the cause of the crisis. The Berliner Verkehrsbetriebe (BVG) has had to finance additional U-Bahn services, buses and trams.

The S-Bahn is expecting the cost of compensation to passengers to be a minimum of €25m. Deutsche Bahn commenced compensation of passengers on 8 October but this has been restricted to passengers with an annual ticket that runs through to December 2009 and monthly ticket subscribers. Each will receive free travel in December. The rail travellers association is pressing for student travellers to be compensated.

Compensation claims are also expected from shops and cafes in S-Bahn stations which suffered a dramatic loss of trade because of line and station closures and the emergency timetable.

The new CEO of Deutsche Bahn, Rudiger Grube, made a public apology for the Berlin S-Bahn crisis and that it would make “/a dangerous hole in the 2009

balance sheet" (18 September, Financial Times Deutschland).

### **Staff position**

The rail union, Transnet, issued a statement in September saying that staff had suffered as much as the travelling public and had been subjected to increased verbal and physical abuse.

### **Spying scandal**

The chief executive of Deutsche Bahn was forced to resign in April 2009 following allegations that DB had spied on 173,000 of its 220,000 staff. It had used staff bank details in 2002/03 and 2005 to identify whether there were any corrupt practices. It had monitored the emails of 80,000 staff to try to identify employees who had contacted journalists to indicate those staff who were critical of DB's planned privatisation. The action was criticised by Transparency International.

### **Sources used to compile this Briefing:**

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