

**REFORM OF URBAN PUBLIC TRANSPORT -
WILL THE 1990'S METHODOLOGY SURVIVE?**

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ABSTRACT

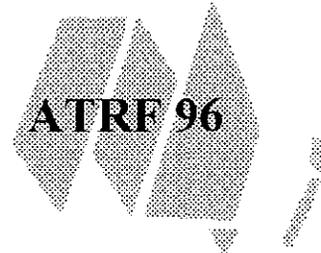
Over the past decade there has been a steady growth in the introduction of varying reform methodologies for securing the benefits which can arise from greater private sector involvement in the provision of public services, including public transport. Most owner-governments within Australia have embraced some form of public transport reform, with heavy emphasis on improving productive (cost) efficiency towards private sector benchmarks.

As a consequence of competitive reform methodologies, the differences (especially in the eyes of the user) between a government and private supplier are being eliminated. Government providers are adopting more commercial principles while private providers are learning how to work with Governments (purchasers) and other providers to deliver profitable, cost effective, and high quality services. New modus operandi include joint ventures, franchise areas, common user assets (buildings and fleet), integrated ticketing systems, technology application, and operator councils.

Within Australia, competitive tendering and contracting is the dominant reform methodology being applied. This paper discusses the Australian experience to date and considers other available reform methodologies and proposes criteria which could be used to determine the best approach to use. Some brief comments are also made about the future of urban public transport within the context of existing competitive reform.

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INTRODUCTION

The 1990s will undoubtedly be remembered as the decade of change for urban public transport. Never before have so many forces for change worked in concert on a global basis to transform the way in which urban public transport services are viewed, delivered, and financed. From the mid-1980s when deregulation was introduced in the United Kingdom, there has been a steady growth in the introduction of varying methodologies for securing the benefits which arise from greater private sector involvement in the provision of public services while minimising the disbenefits.

Now, in the mid-1990s it can be seen that most Governments in Australia have embraced some form of public transport reform, with heavy emphasis on improving productive (cost) efficiency. Of greater interest is that all Governments have adopted differing methodologies, with an underlying (if unspoken) level of competition to find the "holy grail" of reform - a methodology which is win, win, win, for governments, operators, and the community. In fact, it could be well argued that this unspoken competition is occurring on a global basis, with no methodology yet considered to have been an outstanding success. Many would claim to have found Nirvana, but it is noticeable how few have copied their example.

This paper examines the dominant methodology being applied in Australia and some of the lessons which have been learnt to date. It considers other methodologies and suggests criteria for selecting an appropriate approach. The paper concludes with a brief look at the future for public transport reform in Australia.

BACKGROUND - THE DRIVING FORCES

What has been the driving force behind the present embracing of competition policy? Figure 1 illustrates the forces which can be identified as contributing to the environmental context for competition.

At the international level, the perception is that the methodologies adopted in countries like the United Kingdom, New Zealand (and others like Denmark and Sweden), have been successful or at least there are valid benefits to be gained from them. As more and more countries have moved toward competitive models, the forces for change from the international arena grow. The increasingly international market place also means that would-be competitors are looking further than their own shores for opportunities to enter new markets and increase profitability.

Figure 1: Driving Forces



Within a national context, Australia has adopted National Competition Policy (“the Hilmer Report”), which is now driving the agenda at Government levels to achieve cost efficiency and other benefits through the freeing up of markets to competition. National Competition Policy is more likely to be cited as the excuse for industry reform rather than a reason for change. It is often quoted but rarely understood. The Hilmer Report defined what it meant by competition policy, as follows:

“Competition policy is not about the pursuit of competition for its own sake. Rather it seeks to facilitate effective competition in the interests of economic efficiency while accommodating situations where competition does not achieve efficiency or conflicts with other social objectives.”

Similarly, the political agendas of the major parties in Australia endorse some form of competition framework, with the extent of the reforms and method of implementation being the differentiating factors. In the case of Western Australia, the incoming Liberal Coalition Government in 1993 launched a major inquiry (McCarrey 1993) which among its recommendations identified the benefits to be gained from introducing competition into the provision of public transport services. Subsequently, a Public Transport Reform Plan was developed (Transperth and Department of Transport 1993) which had Competitive Tendering and Contracting (CTC) as a central strategy for achieving the desired reform outcomes.

Underlying the national context is a private sector which is sympathetic and supportive of the business opportunities which are created by reducing public

involvement in the provision of urban passenger services. Interestingly, however, a leading consultant to the private industry has recently warned his colleagues of the dangers of competition (Graham 1996).

Finally, there are forces for change which occur at the organisation level. Most public operators in Australia would have identified the benefits of benchmarking performance against each other and the private sector. Since the early work done by ACTION buses in 1991, there is a great deal of activity now occurring in the area of benchmarking. Coupled with this is the desire of professional management to seek continuous improvement. In more recent years, there have also been changes at the top in most public sector operators, with growing recruitment of people with substantial private sector experience. These organisational factors together have seen a much greater internal call for things to be done better, faster, cheaper, and more effectively - supporting continuous improvement

THE DOMINANT 1990s METHODOLOGY

Despite variations which exist at the margin, Australia has largely embraced the methodology of competitive tendering and contracting (CTC) to effect the desired changes in cost efficiency, service delivery, customer focus, and asset utilisation. It is by far the dominant methodology being applied by governments, across all portfolios, and public transport is no exception. In fact in Western Australia and South Australia, public transport has been placed at the very front of the wider public sector reform agenda.

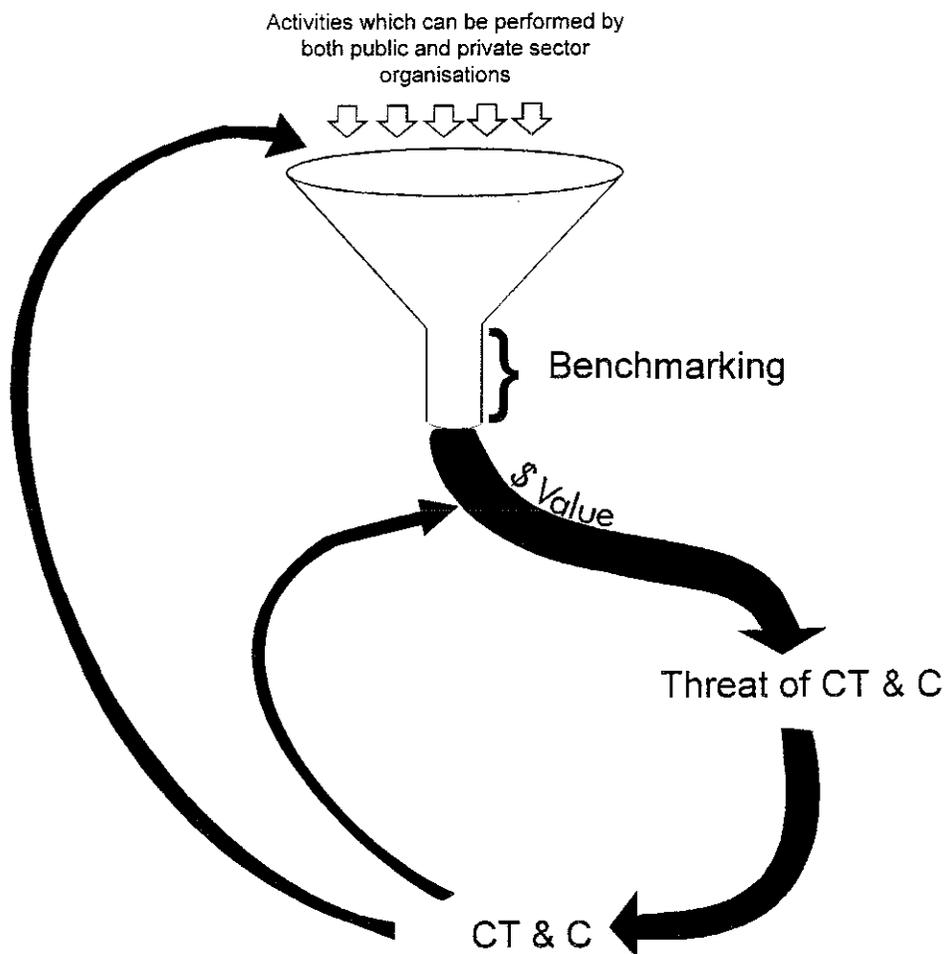
The CTC methodology is underpinned by the purchaser-provider model. The purchaser (the Government) specifies the quantity, outcomes, and standards of service required, and public and private sector bidders are then invited to tender for this work. The successful tenderer is then contracted to provide the services for a specified period. Advantages of CTC are cited (Office of the Premier 1993) as:

- * increased efficiency: studies consistently show that the introduction of CTC produces savings of 20 per cent or more, whether the winning tender comes from the public or the private sector,
- * improved accountability: suppliers are accountable to purchasers to provide a service to specified quality, time and cost requirements,
- * improved quality: in a competitive environment, the incentive is maintained for suppliers to achieve best practice and continual improvement,
- * increased economic development: resulting from increased scale of private sector operations and the transfer of knowledge and skills from the public to the private sector, which can then be marketed nationally and internationally.

The Public Transport Reform Plan (Transperth and Department of Transport 1993) embraced CTC and the purchaser-provider model, although at the time the details of the mechanics of implementation were unknown. Western Australia examined the best and worst of the methodologies implemented nationally and internationally. It then proceeded to implement an approach which has some merits but sadly also some shortcomings (referred to later in this paper)

From the experience of how the competition model is being applied in Western Australia, it is possible to view the dominant methodology of the 1990s (CTC) as operating on a cyclical basis, as illustrated in Figure 2.

Figure 2: Competitive Tendering and Contracting Cycle



Public sector activities are cyclically reviewed and tested with some regularity. The initial selection requires the identification of activities that are currently performed by a public sector agency but which could also be performed by either public or private sector organisations. The first step in the review is to compare the outcomes of the activity performed in the public sector agency with the results achieved in similar situations in the private sector (ie benchmarking). Any activity which exhibits a high potential saving is then selected and the threat of CTC is applied.

Should the threat of CTC result in the public sector agency activity meeting or exceeding the benchmark then there is little point in proceeding with the costs and risks of CTC. However, in any event, some CTC should occur to ensure that the threat remains real - a threat never carried out eventually ceases to be a threat.

After a contract has been awarded, the activity should be later reviewed to determine if further savings can be made and the threat of CTC further applied. Alternatively, the activity can be returned to the "funnel" to be assessed in the benchmarking process.

In this way, CTC can be viewed as a cyclical activity with the clear objective of reducing costs, improving efficiency, and enhancing service quality. As a methodology it has much to recommend it, however, planning, implementation, and an over-emphasis on cost efficiency can cause varying (and often sub-optimal) results.

BY-PRODUCTS OF THE DOMINANT METHODOLOGY

The adoption of CTC has allowed a number of "by-products" to develop, largely arising from greater private sector involvement or more commercial thinking being applied by public sector providers. Some of the by-products relate to implementation of CTC and remain problematic. Examples of by-products are:

- (a) Joint Ventures: Public and private sector operators have moved to joint venture arrangements to achieve mutually beneficial outcomes. In the case of the public operators, joint ventures often permit greater flexibility to work within the constraints of government ownership or control, while trying to achieve commercial outcomes. For the private sector, it allows them to enter markets at lower capital outlays with a partner with sound financial backing, market presence, and operating experience. A good example is the Hills Transit operation in Adelaide which is a joint venture between a consortium of private operators and TransAdelaide. The venture has been able to secure greater labour flexibility while removing the need for CTC (at least in the medium term).
- (b) Franchise Areas: Western Australia, South Australia, and Victoria have adopted defined franchise areas for CTC. A by-product of this approach is the diseconomies of scale which arise as each franchised operator utilises rolling stock for their own area. Opportunities for global scheduling are reduced (and eventually lost) and a greater level of coordination and control is required to maintain an integrated public transport system.

- (c) Common User Assets: Assets such as the bus fleet, bus stations, interchanges, ticketing, land and buildings, passenger information services, and infrastructure management are generally deemed to be common to the operation of any public transport system. Ownership of these assets becomes an important decision in the implementation of CTC, particularly given the financial impact on public operators from any transfer of ownership, and the barriers to entry these assets may create for the private sector.
- (d) Technology Application: Competition has provided incentive for public and private operators to more strongly consider the application of technology to improve efficiency. Technologies such as computer-aided scheduling, transponders, and alternative fuels are now being used or considered in most jurisdictions
- (e) Operator Councils: The opportunity is created under competitive methodologies to develop operator councils which can work with the regulatory bodies to effect positive changes in the delivery of service. It is likely that operator councils will become an increasingly important and powerful advocate for altering the operating environment, and keeping regulatory bodies “honest”.

LESSONS LEARNT TO DATE

The dominant methodology of CTC has sufficient history for at least some initial lessons to be gained. There is little doubt that as the methodology continues to be applied, time will reveal other lessons for those countries, regions, and cities which are still to embrace competitive models.

Positive Lessons

The following positive lessons have arisen from competitive methodologies

- (a) Power of the Threat of CTC: The positive lessons are dominated by the realisation that the threat of CTC delivers the vast majority of the benefits which may eventually accrue from full implementation of the methodology. As illustrated in Figure 2, the cycle of CTC places great emphasis on using the threat of CTC to achieve desired outcomes.

In the case of Western Australia, MetroBus has achieved cost savings of \$30 million dollars over the past three years since the Public Transport Reform Plan was adopted, without any significant awarding of tenders. South Australia has similarly reduced its costs toward private sector levels. At the same time a number of “sacred cows” have been overcome across Australia, including the achievement of greater labour flexibility, plus the cessation of a range of custom and practice issues

- (b) Innovation: One of the central differences between the public and private sectors is the willingness of the private sector to take risks and to look for innovative ways of doing business. As the public sector now moves to adopt a similar outlook, the benefits to the community are already in evidence. For example, at MetroBus innovation has been stressed as a major thrust in competing with the private sector. This has yielded a range of new products, such as late night “Nightrider” services, school-based planning initiatives such as “Schools’n’Us”, and community safety awareness with services such as “Homesafe”, etc.
- (c) Integrated Ticketing: The benefits of an integrated ticketing system become even more apparent under competitive methodologies. Any mixture of public and private operators can lead to a perception by passengers that the network has become disintegrated. A strong, integrated ticketing system assists in confirming for the passenger that the network still exists.

An integrated ticketing system also provides the foundation for revenue sharing between operators. This is a fundamental issue, but is proving to be problematic in some jurisdictions.

Negative Lessons

Arguably, the more important lessons to be learnt (if continuous improvements are to be made) is the negative aspects. In the case of CTC, the following lessons are seen as the more common shortcomings.

- (a) Pioneering Penalty: While CTC is the dominant methodology for introducing reform to public transport, each jurisdiction is tailoring the process to suit its political and financial objectives. These variations (in the end) become the pioneering element where new ground is trod, with only superficial reliance being able to be placed on historical precedence. Inevitably, mistakes will occur. Such mistakes become the “new information” for those who are still to adopt CTC.

As far as possible, to gain the most benefit from CTC, pioneering or experimentation should be minimised. Also those jurisdictions contemplating entering the CTC “race” would be well advised to seek counsel from those who have “been there, done that”

- (b) Resourcing: A major reform methodology like CTC requires sufficient time, people (especially competent and experienced ones), money, and commitment to make it work. Within Australia, it is fair to say that none of the chief executives responsible would agree that they have the right level of resources.
- (c) Timing: Change is time consuming. For CTC, the learning curve for provider and purchaser (not to mention central agencies and the public) is steep and should ideally be traversed over a long enough timeframe to ensure that each

phase of implementation logically follows the last and that the public is kept informed as often as possible of what is occurring and why. It is also of equal importance to allow time between CTC for evaluation of outcomes, surveys of public perceptions and satisfaction, and modifications to the process to enhance implementation and the resulting benefits. Fast tracking CTC is not recommended.

In the case of Western Australia and South Australia, very little time was allowed for the public operators to address historical cost legacies and prepare for open competition. This fact immediately placed massive pressures for rapid change and caused some implementation issues to be compromised in the interest of time (ie recruitment of staff, staff training, information systems to support competitive tendering). Despite marketing campaigns, public awareness of the process and the planned outcomes is almost non-existent.

From another perspective, time is required to generate sufficient private sector interest in the CTC process to ensure a suitable range of bidders is attracted for selection.

- (d) Establishing a Level Playing Field: Public operators have advantages and disadvantages which arise from their government ownership. In evaluating tender bids under CTC, it is essential that public sector bids are adjusted for these elements to arrive at a comparable basis with the cost and revenue structures of the private sector. Pricing or costing guidelines which are available to all bidders makes the adjustment process transparent and assists in tender evaluation. In the cases of Western Australia and South Australia such guidelines have been adopted. There are examples where guidelines have been developed through a number of iterations but their application to the evaluation of tenders has caused more problems than they have been able to solve. Such experience highlights the importance of achieving an agreed set of guidelines prior to undertaking any CTC.
- (e) Uncertainty: Change always brings some degree of uncertainty. However, this can be minimised if a proper planning and implementation approach to CTC is adopted. Unclear policy development, poor application, and delays in each stage of the process creates uncertainty for the private sector, the workforce of the public operator, the public transport users, and the wider community. Uncertainty impacts on morale and, in turn, customer service. It also breeds rumours and mistakes.
- (f) Profit Objective: As the private sector assumes more of the public operations, its profit objective takes a proportion of the savings made from implementing competitive methodologies. Once under contract, the private operator will work to increase profitability. While this is a natural process for any commercial business, it does mean that owner-governments will not achieve any further savings (if at all) until the contract is subsequently re-tendered.

- (g) Cost of Coordination: Any savings arising from the application of competitive methodologies must be discounted by the cost of coordination. The greater the number of operators in the network, the more likely that a high level of coordination will be required. Even under methodologies which rely on market forces for regulation and control, there is still a significant element of coordination at government level.

Notwithstanding the lessons learnt from the current methodology, both positive and negative, there is still uncertainty surrounding the process itself. For instance, the benefits arising from the threat of CTC are able to be calculated and identified, however, there has been little time to fully judge the success of CTC where it has been carried through to the awarding of competitive contracts. This means that any further implementation of CTC can be prejudiced by a lack of time to evaluate and modify past applications of the methodology

Transition costs are a significant factor in the tender evaluation. These costs relate to superannuation, long service leave, and other costs arising from the loss of business to the private sector. They can vary widely depending on the size of areas put to tender and are of sufficient size to have an impact on the final tender decision. How to properly forecast and account for these costs in the CTC process is a major issue.

Few rules are in place to control the outcomes of CTC and it remains unclear as to whether existing standards will be maintained. Despite rhetoric to the contrary, the CTC program is still driven along cost efficiency lines with any benefits to consumers being coincidental. These outcomes are not because CTC as a process can't account for them (it can in fact, with a properly identified procurement plan) but rather because the focus is almost totally on efficiency. There is also the spectre that at the end of the day, public monopolies will have been exchanged for private monopolies.

ALTERNATIVE METHODOLOGIES

Since the early 1980s when the United Kingdom began to consider and eventually implement deregulation of its urban bus services, numerous alternative methodologies have been adopted by owner-Governments to achieve the objectives of improved services at reduced cost levels. The emphasis in all methodologies has been to bring the public and private sectors into competition and thereby achieve the desired outcomes

It may be many more years before "success" can be claimed by any methodology. Nevertheless, it is appropriate to briefly consider some of the more commonly known variations which can be (and have been) adopted

- (a) Direct Sale Method: An obvious methodology is to sell the existing public operation "as is" and allow the new private owner to manage its own business. Under this methodology, the private owner may or may not have a contract to provide services. Further, the sale may or may not include assets such as vehicles and depots. Interestingly, this method tends to be activated by the

private sector making an offer to the owner-government to purchase its operation. A similar approach was taken with the sale of the public operation in Wellington, New Zealand.

- (b) Regulatory Reform Method: This methodology allows any would be operator to nominate a route as “commercial” and seek a licence from the relevant regulator to operate that route. The non-commercial components of the network are put out to competitive tender. This approach allows some level of market forces to be applied. However, it is unlikely that too many routes will be identified which are not already being operated. The regulatory reform methodology has been applied in most parts of New Zealand.
- (c) Designated Transfer Method: A more direct methodology is that which is applied in countries like Singapore. The Land Transport Management Authority of Singapore directs the public operator to transfer (with or without reward) a slice of its services to a competitor (with or without reward). This methodology seeks to achieve an optimum mix of business between the existing operators, without attempting to engender any competition between operators. Efficiency is gained by the structure of the organisation - in this case a public company seeking profits.
- (d) Management Buy-Out Method: The management buyout can be an appropriate methodology in certain circumstances, and can be applied within other methodologies such as deregulation. The nearest example is the recent decision in Victoria to encourage a management and/or staff buyout of MetBus, the remaining business which survived the previous tendering of bus services.
- (e) Deregulation Method: The most well known methodology is the straight deregulation of the urban public transport market. This is the approach which was pioneered by the United Kingdom in the mid-1980s, and involves the sale of existing public operators while also providing the opportunity for any new operator utilising virtually any type of vehicle to begin providing services in competition with any other operator.

Deregulation can be considered to be at one extreme end of the continuum of competitive methodologies and has a number of shortcomings which are well documented in the literature. It is worth noting that “All Australian jurisdictions have concluded that competition in the market for urban bus services is not likely to enhance the public interest”(Australian City Transit Association 1996, emphasis added)

- (f) Minimum Standards Method: The “minimum standards” methodology involves the setting of desired service standards for operators, but incorporates the threat of CTC if the standards are not met. This is the method employed in New South Wales, where public and private operators are both subject to minimum standards and the threat of CTC. In this example, private operators have five-year renewable contracts (“grandfather rights”) subject to satisfactory

performance. As a methodology, it does not appear to have sufficient competitive forces acting on operators to bring about significant reform. Graham (1996) recently warned that this methodology may not meet the future requirements of National Competition Policy.

- (g) Benchmarking Method: This methodology encompasses the threat of CTC, the application of CTC, and benchmarking. In this case benchmarking of the private operators with public operators is used to set performance targets which require the meeting of defined benchmarks or be subject to further CTC. The methodology is particularly useful where the public operator has made significant progress and there is limited advantage to be gained from further privatisation. It also can incorporate a separate entity which can control the common user assets and achieve the economies of scale usually only the province of a large monopoly operator.
- (h) Modified Benchmarking Method: Similar to the benchmarking method referred to above, with the addition that under this methodology, following the threat of CTC and its application, the balance of the public operation is established as viable business units and eventually sold as going concerns. This is a method which could have application in Western Australia, where the public operator has made substantial progress in reforms and cost efficiency.

SELECTING A METHODOLOGY

What factors should be considered when selecting a methodology:

1. *Objectives*: It is absolutely essential to the success of any methodology selected that the objectives are clearly defined and understood. Without having a clear view as to what is to be achieved and why, any methodology will be doomed to deliver a sub-optimal solution. Objectives need to cover issues such as commercialisation vs privatisation, cost efficiency vs quality service, short term vs long term, public vs private interests, deregulation vs coordination, and subsidy vs profits.

Failure to properly plan makes it much more likely that policy will be developed “on the run”. It also creates difficulties when trying to measure success, if objectives have not been clearly defined at the outset.

2. *Long vs Short-term Perspective*: Public transport reform has a substantial impact on the public. It also takes time to effect change. It is therefore important to consider the timing of reforms. Too short a perspective may only lend itself to “quick fix” methodologies such as deregulation or full sale. If a longer term perspective can be accommodated, then a more phased approach can be taken to maximise the likelihood of success and allow all stakeholders to move with the change. It should also be noted that some methodologies, such as

the benchmarking and modified benchmarking approaches, lend themselves well to a phased implementation with clear milestones

3. *Quality Standards:* A great deal of emphasis has been placed on cost efficiency when considering competitive methodologies. However, this is only part of the benefits which can accrue from a properly developed methodology. Setting the desired quality standards gives a substantial insight into the methodologies which are more likely to deliver the results desired. It must also be remembered that “you get what you pay for” and that there may be trade-offs between quality standards and cost efficiency. Provided that the standards are set at the beginning, a number of methodologies will deliver the optimal outcomes.
4. *Responsibility:* This is another key factor. Who is going to be responsible for managing the implementation, measuring success, dealing with common user assets, and coordinating services? Is anyone required? Answers to these questions will suggest a methodology. For example, a deregulation method requires much less responsibility to be allocated as market forces dictate service levels.

Responsibility must also be considered in terms of what the public and private sector operators will be responsible for and how the resulting system will operate in the best interests of the travelling public. Experience has shown that a great amount of goodwill is required between operators for an integrated system to be sustained once competitive methodologies have been introduced

5. *Skill Requirements:* Any methodology selected will require skills in tendering and contracting, as well as policy, planning, and coordination. A good question to ask at the outset is “Do we have the skills required to implement this methodology, and if not, how or where can we acquire them?”. Given the relative newness of competitive methodologies and the variations in implementation which abound, it is not easy to gain all of the skills necessary for success. However, the importance of acquiring the most skilled management possible to support the methodology selected cannot be underestimated
6. *Measuring Success:* Coupled with the setting of objectives (referred to above) is the need to determine how success will be defined and measured.
7. *The Level Playing Field:* Any of the methodologies incorporating CTC will require account to be taken of the level playing field. Public and private operators must be clear on the pricing/costing guidelines to be used in tender evaluation. Neglect in this area can cause significant problems in the consideration of tender bids and ultimately successful implementation.
8. *Whole-of-Government Considerations:* Finally, there is a need to ensure that the methodology chosen fits within the “bigger picture” of Government and that all participants/stakeholders are aware of what role the competitive methodology is to play. Proper consideration of whole-of government objectives also makes it

much easier to define the specific objectives for the selected methodology (as referred to above)

The application of the selection criteria is summarised at Table 1.

Table 1: Criteria for Methodology Selection

Method→	Direct Sale	Regulatory Reform	Designated Transfer	Management/Staff Buyout	Deregulation	Minimum Standard	Benchmarking	Modified Benchmarking
Criteria↓	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Objectives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Long vs Short-Term Perspective	Short	Short	Short	Short	Short	Short	Long	Long
Quality Standards	No	Yes	Yes	No	No	Yes	Yes	Yes
Responsibility Level	Limited	Moderate	Limited	Limited	Limited	Moderate	Significant	Significant
Skill Requirements	Low	Medium	Low	Medium	Low	Low	High	High
Ability to Measure Success	High (cost) Low (quality)	High (cost) Medium (quality)	High (cost) Low (quality)	High (cost) Low (quality)	Low (cost) Low (quality)	Low (cost) Medium (quality)	High (cost) High (quality)	High (cost) High (quality)
Level Playing Field Requirement	No	Yes	No	Yes	No	Yes	Yes	Yes
Whole of Government	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The criteria assessment shown in Table 1 suggests that, especially from a longer term perspective and a desire to have measurable outcomes, that (g) and (h) might be the best methodologies currently available.

CONCLUSIONS

There are a range of competition methodology options now available with supporting examples, in most cases, of where they have been applied. Unfortunately, there has not been a sufficient lapse of time to determine the most successful approach. Rather, it is highly likely that it will take a lifetime to accurately judge whether the varying methodologies have been successes or failures.

It is clear that political philosophy is playing a role in the determination of which methodology to adopt, and how "severely" it is being applied. In the case of Australia, CTC is being used as the dominant methodology to effect reform. It has delivered a number of benefits, but has also been shown to have some downsides.

Selection of a competition methodology is crucial to assuring a reasonable chance of success (however defined). It is essential that whichever methodology is adopted is well researched and all parties understand the rules. Policy making on the run is not to be encouraged. It is also useful to remember that with anything new there are advantages to being second.

Finally, if the 1990s methodology is to survive it must start to show strong evidence that it can deliver cost efficiencies with quality standard improvements, and that it has the flexibility to adapt to varying applications without compromising the integrity of existing public transport networks.

Planners are talking about doubling public transport usage over the next 20 years, to reduce car dependency and to support ecologically sustainable development. However, there is little evidence "on the ground" that patronage is a high priority. How do competitive methodologies address the future?

An optimist would say that the industry has spent the last ten years setting the base for a productive future. A pessimist would respond that we have spent the last ten years ruining the base so there is no future for public transport.

Postscript: THE CRYSTAL BALL

If it was possible to gaze into the crystal ball to see whether a new methodology will emerge, it is more than likely that the Modified Benchmarking Approach will have shown itself to have the greatest level of flexibility and control than any other methodology put forward to date. It offers the real benefits of continuous improvement and a staged approach without forgetting quality standards. With some refinement, it can be adapted to a defined time schedule and desired outcomes. It does not replace the 1990s methodology but rather builds on the good elements to create a flexible and systematic approach to achieving the competition objectives.

Further, it could also eventuate that as the public transport industry enters the next millenium, there will only be residual elements of public ownership in existence.

Previous public operations will have been corporatised or converted, over time, into a series of smaller, high quality, commercial businesses, which have been gradually sold to management, staff, or the private sector. Effective coordination of the delivery of urban public transport services will then become the next area for research and debate so that the expected huge planned increase in public transport can be delivered.

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