The Agenda Carried Forward from Thredbo 10

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Thredbo Series

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Thredbo 11
Thredbo 1-10 Series (1989-2009)

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Theme Evolution (20 years)

• In the Beginning (T1)
  – Competitive Tendering and Deregulation
  – Bidding processes
  – Performance and Productivity
• Adding
  – Road pricing and infrastructure/externalities (T2)
  – Planning (T3)
  – Competition policy and user requirements (T3)
  – International experiences (T4)
  – Organisational structures (T5)
  – Funding (T7)
  – Performance based contracts (T8)
  – Institutional design (T9)
  – CT vs. negotiated PBCs (T9)
  – Trusting partnerships (T10)
  – Growing patronage and Social exclusion (T10)
• T11 – continuity of all themes
Workshop Themes in T10 (8 Workshops)

• W1,2: Growing patronage and what has been found to work

• W3: Regions and nations in transition

• W4-6: Risk and reward in public transport contracting
  » bus (two workshops)
  » Rail

• W7: Social exclusion – what can public transport offer?

• W8: Analytical and institutional methods and frameworks
• Recognising the distinction between factors influencing patronage that are:
  – directly or not under the influence of those involved in providing PT services
• Greater Focus on:
  • travel demand management,
  • urban livability and consolidation (“place”),
  • social inclusion/obligations
  – all of which may bring not only new challenges, but also new potential sources for growth.
W2: Growing Patronage (Macario and Jara Diaz)

• Analysing the effects of all forms of externalities on the performance of the operator

• Recognising
  – the role that frequency, reliability and crowding play in user perception and valuation of PT systems (SQI).
  – the need for optimal subsidies
• The *stability* of provision of public transport & of *accessibility* to its services for all segments of the population
  – *are much more important than ownership or competition* (‘precondition’?)
• Let’s not forget the role of informal transport (esp. in transition economies)
• The traditional conservatism and rigid behaviour of operators in the formal sector is frequently aggravated by the *design of institutions*
• PT must ensure the engagement of local communities in the policy debate
A need for policy makers
   – not to forget focussing on the strategic/tactical interface. (STO)

The incentives for more authority efficiency must get the attention of those designing institutional reforms.

**Trusting partnerships** are most likely to be fully effective when such an approach is in place on the governmental side.

What
   – are suitable contract management techniques at the tactical/operational interface?
   – are common factors that deliver performance?
   – are appropriate rewards for specific risks?
   – is an appropriate profit margin for a PT business?
Any trusting partnership arrangement should be based on a strong and unambiguous contractual arrangement between the regulator and the operator.

There should be a risk-based approach to the design of contracts.

Effective incentives and penalties should be built into contracts.

There should be clearly defined criteria for the procurement evaluation process.

Public transport policy appears to be following an evolving cycle as experience is gained with various forms of contracting and as the world of business changes (Gwilliam).

- Countries should study this phenomenon to assist in understanding the “bigger picture” of policy formulation, the issues that they face and the direction that they wish to follow.
• The term ‘trusting partnerships’ could suggest a too cosy relationship between operator and authority with the resultant loss in cost control.

• Appropriate incentive regimes can be designed to reconcile welfare maximising and profit maximising objectives

• Negotiated performance based contracts:
  – There are advantages in these as a way of extending successful contracts but
    • there must be a real threat of competitive tendering to ensure efficiency.

• The success of competitive tendering:
  – Tendering is least problematic when social objectives dominate
  – Commercial services are more problematic,
    • as entrepreneurial innovation, investment and service development may be beneficial.
    • Longer length net cost contracts would be preferable here

  – Some countries do not have any legal provision for requiring open access or for the provision of subsidies to private operators, and
    • hence follow a different route, based on regulation and yardstick competition.
    • In other countries (such as Russia) democratic institutions are fragile
• Social goals should be embedded and funded within operator contracts
  – Identification of who is excluded and how their needs can be met in different local contexts and countries.
  – A minimal universal transport service is needed
• Modes and services need to be integrated to deliver better and more cost effective services.
• Better basic research to understand the benefits of improved transport and accessibility to socially excluded people.
• Research to understand the place of informal transport systems in developing countries
Policy Issues

- Audit data for meaning and quality
- Securing access to existing data held by government agencies
- Using best practice analytical tools and methods,
- Reinforcing and focusing the role of analysis for policy decision and regulatory practice

Research

- Passenger attitude research
- Developing benchmarking techniques for public transport
- Examining the range of potential performance measures
- Identify practical uses for the data and methods for analysing it from electronic ticketing systems.
- Focusing on institutional arrangements as a prerequisite for the analysis being conducted in order to make the analysis useful for decision making
How and Where will Thredbo11 move the agenda?

T11 Challenge:

To link T11 Deliberations to the T10 Policy and Research Recommendations

and

To suggest new directions and emphasis for T12