Partnerships in the Australian Bus Operating Environment

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ABSTRACT

Industry and government partnering to achieve mutual outcomes is not a new phenomenon, even if it is a relatively underappreciated concept. A focus by governments on value for money underpinned by the tendering of bus service contracts as the default and most common method of awarding operating rights for bus services has led to an operating environment where the focus is often only on efficiency and price, rather than also including social and community benefits and other measures as part of the value parameter.

With a focus on marketing and promotion activities that seek to enhance both quantity and quality of public transport ridership, this paper provides a discussion of successful and proposed industry “partnering with government” projects that achieve strategic level objectives and exemplifies the ways government and industry can generate increased value for all stakeholders. It also presents a theoretical lens through which to view the partnership approach along with a literature review of partnerships in a public transport context to see what has gone before.

The paper clearly identifies that an open trusting partnering approach to achieve policy outcomes, including negotiated contracts and a focus on community outcomes, can create strong and positive community value.
1. Introduction

The marketing of bus networks and services within a public transport system in Australia is typically an exclusive function of the State Government regulator/authority in each jurisdiction. However, scarcity of funds, changes to the structure and functions of bureaucracies and other external circumstances impede the effectiveness of Government strategies associated with increasing public transport patronage, customer satisfaction and realising strategic level Governmental economic, social and environmental objectives. Two voluntary professional associations for bus operators in Australia are challenging the traditional method of public transport network marketing being exclusively undertaken by Government by encouraging the respective State Government (SG) to partner with them to develop, co-fund and deliver initiatives that aim to boost patronage, improve customer satisfaction and contribute towards the achievement of shared objectives associated with lessening commuters' dependence on cars, slowing the rate of growth of urban congestion, reducing transport's share of greenhouse gas emissions, reducing social exclusion and improving community prosperity. These initiatives will be presented herein and they include: the trialling of bicycle racks on buses to increase modal integration; a corporate social responsibility program that supports employers to encourage employees to take active or public transport to work rather than private transport; the trialling of a free Wi-Fi solution on Melbourne's route bus network; the development and implementation of a bus safety initiative that aims to increase public awareness of safety on and around buses and; the creation of local regional structures to deliver integrated mobility to country travellers. These initiatives are designed to provide passengers with more productive journeys, increase customer satisfaction, increase patronage and generate employment. This paper is the third instalment in a series that aims to assist industry representative bodies address industry-wide and societal concerns (Lowe & Evans, 2016; Lowe, 2015).

This paper is structured as follows. Section 2 will detail the operational, regulatory and representative context of both the Victorian and South Australian bus networks. Section 3 will feature a discussion on partnerships in the public transport context and the influence of bus service procurement on partnerships. Section 4 will detail the actual initiatives that are being consciously pursued by both Government and Industry. Some examples of how the partnership approach to network marketing has spilled over into the safety and contracting realms will also be a feature of this section. Section 5 will feature a discussion on the themes of the partnerships presented herein and offer two theoretical lenses from which to view the
partnership approach, those being the stakeholder perspective and agency theory. Section 6 will conclude this paper.

2. Context

This section will provide some context to the topic by describing the South Australian and Victorian bus operating and regulatory environments. Both jurisdictions face challenges in growing patronage, increasing customer satisfaction and achieving value for money. However the approach being taken to address these challenges differs markedly between the States.

2.1 Stakeholders

There are six sets of stakeholders in the Australian bus and coach industry: operators, authorities (or regulators), unions, suppliers, state-based and federal voluntary professional associations (or industry representative bodies), and users (or patrons). The wider public also has an interest in the industry as they may benefit indirectly from good bus services, for example, less congestion and cleaner air (Lowe, 2016).

2.1.1 Authorities

A public transport authority's legislated remit is generally to manage the network planning, service delivery and coordination of a state or territory’s train, tram, bus, ferry and other public transport services. It provides a single contact point for users to gain information about public transport services, fares, tickets and initiatives. It typically aids the construction, maintenance and management of public transport infrastructure, assists in planning for the public transport system, and develops and implements policies to increase security and safety. The number of responsible state government authorities that regulate the public transport network varies from state to state.

In South Australia, the Department of Planning, Transport and Infrastructure administers public transport contracts, operator accreditation, registration and licensing, vehicle inspections and roads, whilst the Department of Education administers school bus contracting.

By comparison, in Victoria there are six authorities that oversee the policy and operating environment:
• A new body, Transport for Victoria has just been established to integrate all the transport planning objectives of Government;
• The Department of Economic Development, Jobs, Transport and Resources (DEDJTR), develops policy that is handed to the various authorities for implementation and undertakes strategic planning and service contract procurement;
• Public Transport Victoria (PTV) regulates the public transport network and administers all government contracting of operators;
• VicRoads is the roads authority;
• Taxi Services Commission (TSC) regulates the taxi and hire vehicle industries and issues bus driving authorities;
• Transport Safety Victoria (TSV) is the safety regulator for bus, maritime and rail transport that accredits operators and manages transport safety risks, monitors operator compliance and takes enforcement action.

Operators and SBVPA’s also work closely with the police departments in each jurisdiction.

2.1.2 State-Based Voluntary Professional Bus Associations

The remit of the Victorian and South Australian state-based voluntary professional bus associations (SBVPA’s) is to represent their members’ best interests to respective state and territory governments on matters including service contract negotiation, state-based industrial relations, legislative and regulatory compliance, education (mainly through conferences, exhibitions and seminars), public safety and transport infrastructure. Both SBVPA’s offer their members products or services such as purchasing incentives on items like fuel, insurance and finance, to varying extents. Both associations has its own constitution and board; each has its own methods (or formulae) for levying members and operates completely independently.

The Victorian SBVPA is acknowledged as being unique in the bus and coach representation environment. It has an employee headcount and turnover that is markedly larger than the other SBVPA's and the Bus Industry Confederation (BIC). It undertakes a significant amount of research in quadruple bottom-line issues and it owns several commercial entities that sell its member operators products and services that enable them to fulfil their contractual and regulatory obligations, such as bus inspections (to attain annual mandatory roadworthy certificates), spare parts and accessories, finance, comprehensive insurance, education and events opportunities. Member operators show a high degree of loyalty to these commercial endeavours. The state government (SG) has also contracted the Victorian SBVPA over the
years as its agent to deliver on some of its objectives such as fare evasion reduction and ticketing system implementation. The principal task of the Victorian SBVPA is to negotiate a template bus service contract with the government every 10 years or so on behalf of its members. The last contracting regime was undertaken between 2006 and 2011, and both government and industry are now negotiating on new metropolitan route bus service contracts due to come into force in 2018.

The South Australian association is one of the smallest SBPVAs in Australia, with less than 1.5 full time equivalent staff. Over the past half decade or so it has gradually transformed its role to that of a policy advocacy organisation as well as providing services and representation to operator members. It offers services that members can access to the benefit of their businesses, with a main focus on building quality relationships with government agencies and like-minded organisations, and promoting a small key set of policy outcomes to those agencies. The SBVPA plays a role in negotiation of contracts (similar to the role the Victorian SBVPA plays), and at this time school bus contracts are roughly mid-cycle.

2.2 The Bus Operating Environment

The contracted Victorian bus operating environment consists of two disparate systems: one metropolitan network consisting of 1800 buses operating 346 routes, some mass-transit in nature, but most of a social transit nature that perform a total of 115 million service kilometres a year and attract an annual patronage of about 125 million (PTV, 2017), and; 400 school bus operators with rights to operate approximately 1400 mainstream school bus services in regional and rural locations throughout Victoria. There are also some coach operators who perform inter-city, long-distance services. The Department of Education also manage an exclusive special school bus network which sees approximately 50 bus operators with rights to operate 415 special school bus contracts to convey 8400 students with a disability to and from 80 special schools across the state each school day.

The South Australian public transport operating environment is broadly similar to that in Victoria, but scaled down to a smaller population, and with a greater proportion of journeys delivered by bus. The metropolitan bus network consists of around 1000 buses providing around 9000 daily services, carrying around 51 million passengers (2015). There are 490 school bus services daily, with around 300 operated by private contractors, the balance by a government owned and operated fleet. There are also inter-city services linking the main provincial cities to the capital.
The nature and scale of the partnership between the two SBVPA's and their respective State SG's varies markedly. The Victorian association has a mature relationship with its SG and involves itself with the various agencies of Government and vice versa due to two things: the SBVPA acts as an agent of the operators and negotiates their service contract about every ten years, and; the SBVPA and the SG have a perpetual agreement that obliges the SBVPA to work as an agent of operators and, to a lesser extent, government to achieve operational, contractual and strategic objectives. The agreement is a partnership of sorts between industry and state to build social capital (reciprocity, networks and trust) and reduce transaction costs.

The nature, extent and scale of the partnership between the South Australian SG and the SBVPA is relatively young and the degree of trust between them is growing. The relationship became strained when the South Australian Government tendered school bus service contracts and awarded operating rights to fewer, larger firms and in doing so, saw up to 100 smaller, family firms cease operations. The resultant drop in trust between industry and government was compounded by the perception by industry that many years of industry improvement suggestions were not taken up by the regulator and an inability by both players to find areas on which to collaborate. However, in restructuring the SBVPA and its approach to focusing on policy advocacy and solutions, it is hoped that a growing trust will result in better mobility options for communities.

Metropolitan route bus and school bus operators in both Victoria and South Australia originated as small entrepreneurial private family businesses between the 1920s and 1970s. In Victoria, although most of them are now medium to large in size, they still rely on the original notion of ownership of the route services they operate. It is unclear why other states and territories in Australia do not rely on such a notion of privately operated suburban bus networks, but it is likely that their SG’s used techniques to dismantle such notions after the nationalisation of bus operators, which occurred for example in South Australia in the mid-to-late 1970s (Lowe, 2016). The irony of this arrangement in South Australia is that after operating the public networks for 20 or so years is that the SG then chose to privatise the operation of the main Adelaide public transport networks.

3. Partnerships

Industry and government partnering to achieve mutual outcomes is not a new phenomenon, but it is relatively new in a marketing sense. It is a relatively underappreciated concept
primarily because of the tendering of bus service contracts, being the default and preferred method of procurement by governments to award operating rights for bus services to operators, reduces trust between industry and state.

The practice of governments partnering with non-profits is well established in Australia. Contracting with non-profits allows the government to facilitate services to clients in disparate locations and with distinguishable needs (Bryce, 2012). It also allows the government to provide the services with less internal staff and at the same time allows the community to build social capital. Governments contract with non-profits to emphasise greater trust, lower transaction costs, the higher competence of non-profits and the nonspecific nature of contracts. This is sustained by Eversole and Martin (2005):

…policy makers and practitioners are exhorted to ensure that communities are involved and engaged in development processes; to carry out development initiatives in ‘partnerships’ that bridge private and public sectors; and to pursue decentralised governance, participatory development, civil-society-building, and ‘deepened’ democracy to encourage greater involvement in decision making. The underlying theme is … that development should be negotiated rather than imposed. (p. 1)

Partnerships in Australia are normally framed to enable the inclusion of a diverse set of stakeholders in structured development processes to directly address inequities in mainly regional and rural communities. Partnerships in this context are a tripartite of sorts that aim to directly bridge public, private and civil sectors and increase community engagement. Community engagement is a generic term that can reflect many different levels of intensities of involvement by stakeholders (Eversole & Martin, 2005.)

Partnerships rest on co-operation and trust and there are several scholarly articles that reinforce this. Trust, in a public transport contracting setting, was arguably pioneered by Stanley et al. (2007). The authors use Melbourne as a case study to highlight how partnerships at the tactical level might work in public transport service delivery and how trust between partners might be fostered. It explains how lessons from the failure of Melbourne's initial rail franchising have informed the re-franchising process and emphasises the role that partnerships at the 'tactical' (van de Velde, 1999, p. 148) level are playing in the new
arrangements. Longva and Osland (2010) suggest that trusting relationships can make contracting feasible even under incomplete contracts, as the parties can work in good faith when unanticipated events occur. Stanley (2010) extends this logic, suggesting negotiated performance-based contracts as an alternative method of procuring services is most likely to support a trusting partnership between purchaser and provider. Further, in assessing the degree of trust between industry and government in South Africa, Walters (2010) suggests that having shared values and principles will foster a trusting relationship, needed to assist secure, sustainable funding for services.

3.1 Procurement

It is likely that the method of procurement SG's employ to award operating rights to bus operators influences the extent of partnership between SG's and SBVPA's. Tendering can threaten continuity, whereas negotiation implies the pursuit of an agreed outcome (Lowe, 2016.)

Procurement methods have been a primary focus of the Australian bus and coach industry since the late 1980s, mainly via the Thredbo International Conference series, a biennial conference that began 1989, which examines passenger transport competition and ownership issues, reporting on recent research and experience and developing conclusions on key issues.

Competitive tendering is the default and preferred method for most government services in Australia. Cox and Love (1992) suggest that there are two fundamental and almost universal principles of tendering: the government retains full policy control, determining which services are purchased, establishing quality and safety standards administering contracts and monitoring service performance; and the government should foster a competitive market. Most of the literature on the features and benefits of tendering was published in the late 1980s and early 1990s, when globalisation, privatisation and deregulation were gaining momentum. Communist and socialist countries were converting to market economies and many nations were facing sizeable financial challenges, thus contracting with the private sector at the lowest price gained momentum. In public transport, this saw the creation of several European firms contracted to operate ex-government assets. These firms are now large MNE operators that have a significant presence in many countries, including Australia. But since the 1990s, there has been a growing body of literature and examples where tendering has not delivered the expected outcomes, for contract, market and organisational reasons (Veeneman, 2010;
Hensher & Wallis, 2005; Arlbjorn & Vagn Freytag, 2011; Wallis et al., 2010; Hensher, 2014). Stanley and Hensher (2008) suggest an important rationale for negotiated performance-based contracts is that they are most likely to support a trusting partnership between purchaser and provider, particularly for system planning and, given scarce skills on both sides, such a relationship is more likely to maximise goal achievement through service provision than an awarding mechanism based on competitive tendering. Australian bus service contracts have been pioneers in the development of negotiated performance-based contracts, founded on a partnership, whereby contracts are re-negotiated with existing operators, subject to meeting certain conditions. In light of negotiation being the historical dominant method of the majority of bus services in Victoria (70% of the metropolitan route bus services, most mainstream school bus services, most special school bus services, most regional route bus services and most regional inter-city coach services), this negotiated approach and threat of tendering, fosters buyer and seller to work together co-operatively through the SBVPA to improve the bus (and public transport) network.

In South Australia, all bus services are tendered, and the nature and scale of cooperation between the SBVPA and the Government is less than that of Victoria, although the willingness and ability of the SBVPA to partner with the SG is no different to that of Victoria. As discussed earlier, the re-building of the relationship between the SBVPA and SG means that the SBVPA has been consulted on matters of interest at earlier phases of program development, providing better opportunities to influence outcomes, and presenting opportunities for collaboration. It is hoped that these early efforts in collaboration will facilitate greater trust and links into the future.

4. Initiatives

We now turn to detail the initiatives that were developed and delivered by industry and state in partnership.

4.1 Bikes on buses

In late 2014, the Victorian SBVPA sought to advance the debate among bus operators and stakeholders as a result of renewed interest from local government and the public regarding the carrying of bicycles on buses. Entitled ‘Bikes on Buses’, this initiative was developed and delivered with five key objectives in mind: demonstrate the potential for buses to be better integrated with other modes of transport and increase inter-modality; effectively mitigate any perceived issues and risks associated with providing a front mounted bike rack on a bus; help
raise the profile and visibility of buses on our roads among the general public; grow bus patronage; ensure the generation of local manufacturing employment from any potential state-wide proliferation of bike racks on buses.

The Victorian SBVPA prepared a project strategy paper on the initiative (Serafim, 2015) and then sought to marshal other stakeholders that would be needed to bring a trial to fruition. Invoking the stakeholder perspective\(^1\), the Victorian SBVPA convened a working group consisting of three operators, two road user representative bodies, four local government, one union, three SG authorities, a local manufacturer and one federal regulator. Drawing on research and discussion papers from previous Australian and international trials and ensuring compliance with existing regulation through an inclusive and structured process, the stakeholder developed a structured approach to implement a 12 month trial of bikes on buses in the 2015/16 financial year. Once committed to the trial, each stakeholder was assigned functional responsibilities in line with their expertise, authority and representative remit to bring the trial to fruition and ensure all necessary approvals and operating exemptions were obtained before the trials commencement (because the installation of a bike rack extends the length of the bus making it non compliant) and that all issues relating to the design of the trial were addressed.

Three routes were volunteered by operators to participate in the trial that cover a cross section of bus services across metropolitan and regional Victoria; Route 510 in Melbourne’s inner north that links a number of significant activity centres, rail stations and the Principal Bicycle Network (PBN), Route 70 from Bendigo rail station to Strathfieldsaye linking rail services with education and new residential areas, and the Cowes to Wonthaggi route that links two regional centres with a significant tourist bicycle trail through South Gippsland.

Once all exemptions and permits were obtained, bike racks were purchased from overseas by the Victorian SBVPA and installed on twelve buses servicing these routes. (A potential local manufacturer had not finalised the design and pricing in time by the trials commencement).

The stakeholders:

- agreed on a marketing campaign which was implemented by PTV and local government;

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\(^1\) A premise of the stakeholder perspective is that focusing attention on all stakeholders will lead to increased trust and cooperation and reduced opportunism.
developed and implemented a training program for bus drivers and bus users, including the making of a video which was uploaded to the stakeholders' websites and promoted in the marketing material
- established appropriate measures, including recording and reporting protocols, to assess the performance of the trial;
- agreed on data collection during the trial.
- agreed the Victorian SBVPA would prepare a final report on the outcomes of the trial and submit a report to stakeholders prior to determining the long term direction of the initiative.

At time of writing: the trial is about to end and the stakeholders are agreed that bike racks on buses should be proliferated on a state-wide basis subject to an agreed criteria; operators and government authorities are also discussing the inclusion of bike racks in the specification and ceiling price for new buses and bus replacements; the local rack manufacturer has finalised their designs and costings and is ready to fulfill orders, and; usage of the bike racks on the three routes has grown steadily.

This bikes on buses initiative is a public transport partnership exemplar.

### 4.2 One Day in Five

One Day in Five is a state-wide, potentially nationwide marketing initiative that aims to install long term modal shift from public transport to active or public transport in order to: reduce congestion and travel times; increase public transport patronage; realise the wider social benefits associated with increased use of active and public transport (such as public health, reduction of greenhouse gas emissions).

The One Day in Five initiative has its origins as one component of City of Greater Bendigo's Integrated Transport and Land Use Strategy and the City has acquiesced to the Victorian SBVPA 'growing' the initiative. One Day in Five proposes is in fact a tripartite of sorts between Government, Industry and Employers that sees employers encourage, employees and students to take active or public transport to school or work, one day a week. Adhering to stakeholder theory to advance this cause, the Victorian SBVPA sought the 'buy in' of Government partners (VicRoads and PTV), Industry partners (Bicycle Network Victoria) and employer groups (Victorian Employers Chamber of Commerce and Industry ((VECCI)) to
develop and implement the concept in 2015. The concept was funded fairly equally amongst the project partners.

One Day in Five is mostly a digital initiative which primarily uses social media that points to a web site. The website expands on the purpose of the project, which is leave the car at home one day a week and take the bus, train or tram, or walk or ride instead. The website features an ability for employer groups to sign up to the initiative, for free. Once they do, participants receive an email confirming their participation and instructions on how to distribute the concept throughout their workplace and embed it in their culture. The website has links to web sites that can provide more detailed information on which public or active transport option that is available to them for their desired trip, that is, the PTV journey planner.

The August 2016 launch of One Day in Five was not as impactful as hoped and is presently undergoing a strategic refresh in order to relaunch the initiative later in 2017. Despite this, the refresh will contemplate different jurisdictions being able to sign on to the initiative incrementally, once the appropriate stakeholders agree to form a tripartite in each state. For example, BusSA, the SA Department of Transport or Education and SA Great could form a tripartite and advance the concept in South Australia. While the initiative as launched in August 2016 enabled participants to record the times when they did shift from private to active or public transport, it is hoped that future versions of this initiative will include an incentive program that rewards those for the shift.

The One Day in Five initiative is further evidence of industry and state working together constructively and productively to achieve a shared goal - install modal shift from public transport to active or public transport in the minds of the travelling public.

4.3 Wi-Fi (digital) solution

The third exemplar of industry and state partnering to achieve societal outcomes in the Wi-Fi (digital) solution initiative.

Growing patronage on public transport is a perennial goal of SG’s and industry representatives globally. There are a number of factors that contribute to patronage growth and many pertain to the transit itself (fare cost, frequency of service, span of operation, cleanliness and reliability
of the service. Other factors pertain to external factors such as price of fuel, local employment, land use density. The advent of Wi-Fi presents an opportunity to attract new patrons to public transport networks and entice existing patrons to ride more often than they otherwise would have because being able to access Wi-Fi on a bus can increase a patrons productivity.

With this in mind, in 2015, the CEO of PTV and the Executive Director of the Victorian SBVPA agreed industry, not government, would investigate the complexities and possibilities of having Wi-Fi on route buses. The objectives of commencing this initiative were threefold: enhance the customer experience; arrest declining bus patronage; create jobs.

The methodology adopted by the Victorian SBVPA was to partner with firms who had the capability and reputation in the various components necessary to bring such a solution to fruition. Australia's largest telecommunications carrier was the Victorian SBVPA's first point of contact in the hope that they could introduce the SBVPA to their networks. Some research was required to understand the average travel times of bus commuters (i.e. the average length of time a passenger rides the bus network) and a university was engaged to determine this having secured relevant data from PTV.

Since commencing this initiative in 2015, it has had several business models, potential software, hardware and advertising partners have come and gone and the scope and scale of the project has changed as technology has changed. But the commitment to the initiative by the prime partners, being industry, government and the carrier is stet, which is a sign of the unwavering determination of the partners to realise this goal.

The trial commenced in April 2017. A full evaluation methodology was developed prior to the commencement of the trial. Once that has been completed, the parties will then see if a bus or multi-modal, network-wide deployment of the solution is feasible.

This initiative is another exemplar of marketing partnerships to advance the public transport network for the benefit of all stakeholders.

4.4 Bus Safety Week

The fourth exemplar of industry and government partnerships was initiated by government in December 2015. The Director of Transport Safety Victoria determined some funds were available for two special projects: contributing to the work industry had started on reducing
assaults on bus drivers by passengers and preventing other forms of anti-social behaviour, and; staging a Bus Safety Week. Upon accepting the offer to partner with the government, the Victorian SBVPA offered, and the authority agreed, to co-ordinate the entire initiative pro-bono as event planning was a core competency of the association. In the first instance, TSV and the Victorian SBVPA wrote a joint letter to the associated government agencies and the union inviting them to support Bus Safety Week and promote the initiative throughout their networks, to which all agreed.

The objectives of this initiative were determined to be: increase awareness of the main aims of Bus Safety Act; promote the good safety record of bus; and promote a theme of bus safety being ‘a shared responsibility’. The foci of the initiative centred on: shared roads (giving way to buses, school bus stop safety); differences between accredited and registered operators; tourism regular compliance activities (colloquially referred to as ‘blitzes’); encourage correct safety behaviours on and around buses (respect for staff, wearing seat belts, ramifications of anti-social behaviour). A communications campaign was devised which involved a launch at Southern Cross Station, school presentations, giveaways at rail stations and bus interchanges, metropolitan and regional radio advertising, joint TSV, Victoria Police and Multi-Modal Authorised Officer and V/Line staff resourcing at venues, development of brochures, flyers, social media presence and competitions.

The partners met on a weekly basis leading up to the inaugural Bus Safety Week to make all of these arrangements. Following the success of the inaugural Bus Safety Week, it was quickly determined TSV and the Victorian SBVPA would make funds available for a May repeat.

This initiative provides further evidence that public benefit can be derived from partnerships in a public transport context, and is a strong project that can be replicated in other jurisdictions such as SA.

4.5 Regional Accessibility Committees

In South Australia the SBVPA approached the SG for a number of years proposing to undertake an investigation of ways in which to improve mobility options for people living in regional areas. Since the removal of the train network some regional towns have been served by intercity services, and also a small route service. At the same time various other services such as school buses and community services have provided transport options for select
groups in regional areas. These are funded from various sources: local, state or federal pots of money.

The investigation project finally came to fruition through a partnership of sorts between the state agency, the SBVPA and the BIC. The resultant research revealed a strong demand for the provision of an integration service that could link travellers between the need to travel and potential means to travel – a “travel broker” service.

This was strongly supported by all parties with a willingness to engage in the establishment of a what have been call Regional Accessibility Committees (RACs), a governance structure that brings together all the transport providers along with the regulator to enable the matching of assets and journeys within a geographic region.

These RACs are a fine example of partnership, as the key stakeholders – commercial operators that carry significant risk, along with other not for profit entities providing community support services – are more likely than the SG to continue to find ways to use assets more effectively as their impetus is sustainability from supporting their community rather than regulatory control. This is most clearly exemplified in South Australia by the lack of use of government owned school buses, most of which sit idle when not required for a school run. At the time of writing it is anticipated that a RAC will be trialled in at least one region, although the recommendations from the investigation sought rollout to three locations.

What was clear during this process is that the lack of a trusting partnership between industry and government meant that it has taken many more years than it should have to establish the investigation. This lack of trust has meant that the SG has not found it easy to take at face value the notion that the SBVPA and the SG are committed to the same core issue, that is, developing means and ways to help more people travel more often. The SG is beginning to see that the SBVPA has a core interest in policies that are focussed on travelling outcomes, showing value for money and increasing the capacity for the department charged with delivering those outcomes.

This project is likely to get underway later in 2017 as a proof of concept and a model of multiple stakeholder partnership delivering better local outcomes.

4.6 Other Projects of Note
Finally, there are several other partnership initiatives currently being pursued by industry and state that are noteworthy. The current contracting of Melbourne’s metropolitan route bus services encompasses some elements of partnership to it: the contract negotiation process aims to achieve shared strategic objectives and looks to facilitate local vehicle and bike rack manufacturing, enabling local employment; the contracts will also enable the rollout of a digital solution on the buses; and the Industry has recommended and the State has agreed that the parties can co-operatively market the virtuous outcomes of the contracting regime once the transaction is completed. This would include the promotion of new demand responsive route bus services and the improved span and frequency of scheduled (timetabled) route bus services that the new contracts may contemplate. This in itself is confirmation that better results will ensue from partnerships. Further, a joint industry/government bus industry well-being taskforce has, amongst other things, included in its multi-pronged strategy to address driver assaults (Lowe & Evans, 2016), the trial of a ‘next generation’ bus design that sees the driver undertake his duties in a completely separate cabin to the passengers (like a tram or train). This bus trial aims to increase the safety and security of the bus driver, reduce the amount of bus driver assaults by passengers, increase customer access to the vehicle, and reduce the multiple insurance premiums incurred by the operator and in turn, the State, and will be co-sponsored by Industry and State in partnership, because there is plural benefit.

5. Discussion

All of the initiatives presented herein confirm that industry/government partnerships in a public transport context are an effective method of realising substantial progress towards achieving shared goals and societal concerns. The initiatives presented confirm that the practice of governments partnering with non-profits allows the government to provide the services with less internal staff and at the same time allows the community to build social capital. These partnerships have emphasised greater trust between industry and state, lower transaction costs and benefit spillover into the public realm. The initiatives presented saw communities (both territorial and relational) engaged in development processes and have served as a bridge between the private and public sectors. They have all been executed via a decentralised governance model, been participatory in their development and seen shared decision making (Bryce, 2012; Eversole & Martin 2005). In other words, the methodology adopted to realise the strategic outcomes for each initiative contained herein have been
negotiated rather than imposed, and it is this negotiation between a diverse set of stakeholders that is fundamental to any public transport partnership. The aforementioned assertion is reinforced by some scholarly attempts to explain partnerships in a public transport setting (Stanley et al., 2007; van de Velde, 1999; Longva & Osland, 2010; Stanley, 2010; Walters, 2010.)

The federated system of government in Australia, where each state has local jurisdiction over the majority of operating regulations for the bus industry, creates different operating environments and therefore different local approaches by each SG. This effectively creates an uneven approach to service provision and the community benefits that each SG can provide as each SG funds services and policy outcomes differently.

In each state there have been similar problems as described in South Australia, for example in New South Wales (Mellish et al, 2008) that has taken considerable time and effort (and cost) to resolve. The authors note that “Government is still hesitant to enter trusting partnerships to manage the risk.” but also that “Government is the best stakeholder able to provide leadership in creating partnerships with industry as they control the legislative process and the purse strings” (Mellish et al, 2008). Clearly industry raising its hand seeking partnership opportunity is not sufficient – governments need to be open to approach, see opportunity and take the lead on proposals as they can make them happen, where industry is unlikely to succeed alone, and vice versa.

Although Victoria has not been without problems, the acknowledgement by their SG that these is a role for the SBVPA to act as its agent in the delivery of various programs on its behalf is a unique in the Australian context, and should be seen as a model for ways that government and industry can collaborate. This is discussed in more detail below.

At this time, the SBVPAs in Victoria and South Australia are exploring ways to collaborate more strongly between themselves with a view to providing broader reach in policy delivery, including initiatives with their respective SGs. There are many benefits to be had from having the industry bodies find efficiencies, but one key strategic and tactical outcome is that the linkages between the two bodies can provide the SGs with greater benefits from across border lines.

Some of the examples cited above are supported by the work of Dementiev (2016), in that they use “an entity with a transparent decision making structure as a commitment to future
regulatory policy that balances public and commercial interests in a predictable way”. Such alternative structures and partnerships can assist with building trust between the SBVPA and SGs, creating additional social value as a by-product.

The pursuit of partnerships and the resulting outcomes are underpinned by stakeholder theory - multiple stakeholders working together to undertake some level of industry performance to achieve social legitimacy for the public good. Stakeholder theory argues that firms are responsible to parties other than shareholders - that are parties are involved, including government bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers in bringing about a return to a firm’s shareholders. Freeman’s (1984) landmark publication identified the groups that are stakeholders of a corporation, describing and recommending methods by which management can give due regard to the interests of those groups.

The initiatives presented in this paper are also consistent with agency theory. Agency theory, in its traditional form, explains the dynamic between the member bus operator firms and their SBVPA. The bus operator firm, as the “principal”, delegates authority—in terms of control and decision-making about certain tasks—to another party, in this context, the association, as the “agent”. Additionally, and importantly, the Victorian SBVPA is not only representing the best interests of its members, it is also acting to a lesser extent as an agent of the SG. The SG looks to the association to achieve public policy outcomes, so both the operator and the SG, as principals, seek the services of the association as their agent. Lowe (2016) and Lowe & Evans (2016) first advance this nuance of agency theory; how an agent representing and negotiating with two principals (member operators and government) and this paper extends this unique type of agency. The unique structural relationships among operators, a voluntary professional association, and the SG, as it stands at present is illustrated in Figure 1.
Figure 1. Agency Theory in the Context of the Australian Bus and Coach Industry (Lowe 2016).

Other scholars have investigated agency theory as it relates to disciplines such as finance, information systems, management, supply chain management (Ritchie, Brindley, and Armstrong 2008) and sociology (Shapiro 1987; 2005).

6. Conclusion

This paper has detailed several partnership initiatives that have recently or are currently taking place in the Australian public transport (bus) operating environment, those being: the Bikes on Buses initiative, the One Day in Five initiative, the WI-FI solution trial and Bus Safety Week. The partnership approach taken to devise and implement these initiatives challenges the common 'master-slave' arrangements between government and operators and it is suggested that this approach is a more effective model for addressing industry issues and realising progress towards addressing societal objectives like improving bus patronage and customer satisfaction. It has been demonstrated how working in partnership to achieve shared goals can be applied to initiatives aimed at reducing commuters' dependence on cars and slowing the rate of growth of urban congestion. It is hoped that this paper offers some guidance for other industry representatives, or voluntary professional associations address industry wide issues and societal concerns.
7. Reference List


