

Bus Reform: Competition Reform of Transperth Bus Services

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Background

Perth's public transport system is known as Transperth. The Government introduced competition reform to Transperth bus services in 1993. The Department of Transport (the Department) was made responsible for implementing the reform program.

In late September 1996, three private operators were awarded contracts to provide about half of Transperth's bus services after a competitive tender process. The remaining bus services have not been competitively tendered and are still provided by the government owned operator MetroBus.

The performance examination looked at whether:

- costs had been reduced as a result of competition reform; and
- service quality had been maintained.

What the examination found....

Prior to public transport reform, Transperth's bus costs were rising, reaching \$151 million in 1992-93. Since the reform program commenced, annual bus costs have decreased by nearly \$31 million in real terms, a 20 per cent reduction on the 1992-93 costs.

The reduction does not account for the costs of bus replacement as no new buses were acquired during the period. The Department has reasonably estimated that a normal replacement program would have had a net cost of about \$1 million.

Sustaining these lower costs is dependent upon the Department's future contract negotiations and ongoing contract management.

The Department formalised key service quality requirements (service reliability, fleet presentation and customer relations) into the new contracts. Its monitoring of operator performance against these requirements has demonstrated that the transition to private operators was reasonably smooth.

The following areas of the Department's performance monitoring require development:

- improved capturing and monitoring of customer complaints;
- better means of monitoring late bus trips; and
- clearer explanation of bus presentation reports.

The next annual passenger survey, due later in 1997, should give a reliable indication of how passengers view service quality since contracting.

What the examination recommended....

The Department should:

- manage future contract payments and negotiations to ensure that lower costs are sustained;
- improve its customer complaints system; and
- further develop its approach to performance monitoring.