Workshop 2

Practical considerations in implementing different institutional regimes

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Overview

16 papers

25 participants
• 13 academic
• 8+1 consultant
• 2 authority
• 1 operator
Key Themes

**Theme 1: Introducing competition and shifting regimes**
- Initial reforms
  - US
  - Philippines
  - Cyprus
- Shifts in regimes
  - Moscow
  - New Zealand
  - “Back to public” (FR, SE, DK, ...?)
- Alternatives / optimisation for competition
  - South America (unbundling)
  - Germany (rail – alternative)

**Theme 2: Mature competitive tendering regimes**
- Contract/tendering design
  - Flexibility (Sweden)
  - Standardisation (Sweden)
- Bid evaluation
  - Awarding (Finland)
  - Evaluation process (Australia)
  - Scoring (Sweden)
- Results
  - Incentives and policy goals (Sweden)
  - Incentives and ridership (Sweden)
  - “How” of policy-making and informal institutions (NL-Norway)
Discussion groups

1. Competition and shifting regimes
   • What makes regimes evolve? (triggers)
   • Evolution for the “better”?  
   • Regulatory cycle?

2. Competition for what?
   • Contract scope (STO) – system management
   • (Un)bundling and the function of the authority
   • Gross Cost Contracts / Net Cost Contracts

3. Functioning of tendering
   • Contract standardisation or not?
   • Bidding and evaluation/awarding design

• Reflections
• Policy recommendations
• Research recommendations
1. Competition and shifting regimes

• Triggers for change
  • New administration / aspirations
  • Capable and influential individuals
  • A crisis occurs (budget/constraints)
  • Obvious needs, concerns (congestion, pollution)
  • New rules (such as EU regulations/directives)

• Evolution for the “better”?
  • What is “better”?
  • Some problems may in fact be symptoms of deeper issues (what are the real root causes?)
  • Build a management function into the PTA (as network/system manager) incentivised and accountable under set KPI’s

• Regulatory cycle?
  • The suboptimal/optimal fallacy - tendency to compare a suboptimal implementation of one model with an optimal implementation of another (decoupled from context)
  • Increasing PTA strength and management capacity may interrupt the regulatory cycle (revolving allocation of unmanageable risk)
2. Competition for what?

• Contract scope (STO) – system management – GCC/NCC
  • Wish to strengthen the PTA
  • Risk to be allocated in line with operators’ capability to influence factors creating the risk
  • No enthusiasm for NCC
    • Passenger growth illusory through NCC
    • “Walking on the ridge or in the valley”?

• (Un)bundling and the (resulting) interface-coordination function of the authority
  • There is no one-size-fits-all
    • Need to identify root causes (if problems with competition, financing,...)
    • Need to have the right processes/people in place to find the right solution for the context
3. Functioning of competitive tendering

• Contract standardisation or not?
  • Is it a process of sectoral socialisation?
  • Is it not an obsessive, illusory target?

• Bidding and evaluation/awarding design
  • Many risks to get awarding wrong
  • Right people, right training, right time
  • Strong doubts about tactical level tendering (with NCC)
Policy Recommendations

• Increase the strength of the PTA
• Collaborate/consult with stakeholders before tendering
• Always choose gross-cost contracts !!!???
• Do not use too many quality criteria
• Reconsider the design of the evaluation process
  • Create competitive tension (2 teams) and mitigate risk of mistakes/bias
• The importance of people: “Better to inherit a bad structure with good people than a good structure with bad people”
Research Priorities

• Competitive tendering (CT)
  • Is CT still useful? Or are its problems creating unnecessary complexity?
  • Is CT really selecting what it thinks it is selecting?
  • What are the key skills for proper tendering?

• Do performance incentives really work?
  • “Where” (at what company level) do incentives work? (if they do work at all)

• What does it take for a public entity to be and stay competitive with the private sector in efficiency and performance?

• How do we get from “ought to this, ought to that” to actually generating improvement?
  • What is the recipe to get the right people in the right place?
  • Windows of opportunity, path-dependency, the impact from local heritage
Recommendations for Thredbo 17

• The historical core of Thredbo remains important
  • More workshops on governance/competition/ownership
  • More/wider theoretical inputs: concepts to enrich, structure the discussion

• Reduce the overlap with other workshops

• Fewer papers per workshop or more time for discussion
Questions? Comments?