

Performance Based Contracts as a Substitute for Competition Models

Greg Goebel
Queensland Transport

INTRODUCTION

1. The efficient and effective delivery of public transport services has become an increasingly important issue in Australia. Governments are facing up to the pressures of changing demographic and population growth patterns, increasing social justice, accessibility and environmental requirements, increasing private vehicle usage and an increasing demand for road infrastructure, and growing public transport costs. Attention has focussed on increasing public transports share of the total transport task and doing so efficiently and effectively.
2. Public transport must provide a realistic alternative to private travel. The structure of ownership and the degree of competition in the industry heavily influences the outcomes possible from public transport systems.
3. Governments have sought to influence industry structure and industry outcomes through a variety of regulation. Exclusive geographic based licensing regimes were favoured by many governments. More recently, the United Kingdom and New Zealand have opted for open competition. Somewhere between the two lies performance based contracts.
4. Performance based contracts are increasingly being used by transport authorities as an alternative to deregulated competition because this approach has demonstrated that higher levels of services can be provided to the community in vehicles that are safe and comfortable and in a way that minimises the cost to the operator, users and the government.

5. Performance based contracts are currently in place, or planned to be in place, in almost every Australian jurisdiction. They are also being used in the 70 to 80 percent of New Zealand's urban bus services which are subsidised by the Regional Councils.
6. In this paper, the reasons why contracts have become increasingly popular will be examined. Their characteristics and outcomes will be compared to the other models of industry structure such as monopoly licensing and deregulated competition. It will be shown that the contracts approach achieves the best balance between monopoly and open competition and utilises the best features of both extremes. The Queensland experience with performance contracts will be used as a case study.

THE SITUATION IN QUEENSLAND

7. The urban bus industry provides an important element of the public transport sector and is being challenged to play an increasingly important role in supplying flexible services to dispersed growth areas. Approximately 40 percent of all urban public transport trips in Australia are undertaken on buses and in Queensland, buses travel around 106 million kilometres a year.

BUS TRANSPORT IN QUEENSLAND

There were about 200 licensed bus operators in Queensland and approximately 70 urban bus providers. They carry over 8.6 million passengers utilising a fleet of 680 buses at a cost of \$43 million.

Operators have licences for exclusive geographic areas which have been in place since the early 1930s.

Operators were given subsidies based on their gross fare revenue, up to a maximum of 40% and were also eligible to receive interest payment subsidies for the purchase of new vehicles. The total amount of subsidies paid to private operators was \$12.4 million in 1993-94.

The Brisbane City Council has a fleet of approximately 600 buses operating at a cost in excess of \$97 million with a fare revenue of \$50 million and carrying 48 million passengers per year. The BCC receives a State Government subsidy of \$26.9 million per year.

There are over 1000 operators utilising a fleet of 2000 buses carrying over 130,000 students per day. A School Transport Assistance Scheme provides funding for operators at an annual cost of \$84 million.

8. In Queensland, however, the bus industry in the past has exhibited many of the characteristics and symptoms typical of a system which has experienced high levels of government input regulation and minimal competition or incentives to improve performance. There has been little attention paid to the outcomes of the system and little regard for the changing requirements of users.
9. The result was a system that was characterised by:
 - a private urban bus industry (concentrated on Brisbane and provincial city urban areas) based on a licensing regime which gave exclusive rights and perceived by operators as lifetime entitlements to operators for route services, without any service delivery or patronage accountability;
 - Local Government operated bus services in Brisbane and Rockhampton which received considerable Government funding without any performance requirements for service delivery or efficiency; and
 - A school transport industry seen as separate from the passenger transport industry which faced constraints such being only permitted to carry eligible school students for which the Government pays a fare or a rate per bus kilometre travelled.
10. In many ways, it was a scheduled bus industry that had not changed sufficiently in response to changing community and government needs. In response to this, the Queensland State Government began a major review into Queensland's public passenger transport services in 1992. In addition to urban buses, the review examined taxis, limousines, and the tour, charter and long distance bus industries.
11. The aim of the review was to:
 - arrest the decline in, and improve, public passenger usage throughout Queensland;
 - improve current transport services for the rapidly expanding population centres of Queensland, especially south-east Queensland and the major provincial centres, and effectively plan for the future needs in these areas;
 - reduce, or at least contain, the cost of Government subsidies being paid to public passenger transport operators, and ensure that Government receives value for money; and
 - reform outdated legislative and administrative arrangements.
12. The review generally confirmed that many aspects of public transport operations in Queensland were not being provided in the most effective manner and were in need of urgent and major reform.

13. It also revealed that services in many areas were sub-standard and unable to meet rising community expectations. The public in many areas, especially in the fastest growing areas of the State, had increased their reliance on private motor vehicles because of the poor bus services and low frequencies.

FINDINGS OF THE REVIEW

- Urban Scheduled bus operations were undertaken within a strict framework of geographically based areas and routes of operation. The rigidity of this framework has developed a system of illogical boundaries, particularly in the growth areas of South-East Queensland.
- Scheduled urban bus operators had an expectation of lifetime rights to defined areas and routes irrespective of their levels of service and performance.
- With few exceptions, operators had become comfortable with, and to a degree, dependent on, the licensing system and this resulted in complacency within the industry with operators generally slow to introduce innovation in service delivery and technology.
- Whilst the licence offered protection from competition, it did not specify minimum levels of service delivery, nor was it subject to periodic reviews.
- Private bus operators were very suspicious of other operators and would not work together to overcome local problems.
- The quality of service provide by private bus operators varied considerably.
- In many cases, service levels provided by private bus operators were poor with generally no services being provided on week nights or weekends. Frequency of services were also inadequate, in both peak and off-peak periods.
- The standard of vehicle fleets used by some private operators was extremely poor.
- Operators had become conditioned into thinking that all new services must attract a subsidy irrespective of whether subsidies were warranted or the services themselves were profitable to operate.
- The subsidy arrangements in place created an incentive for operators to service the more affluent sections of their licensed areas rather than those areas with more eligible concession fare passengers (eg pensioners and school children).
- Many operators were receiving subsidies irrespective of the fact that a large proportion of their operations were profitable.

14. A summary of the key findings of the review showed:

- There was inconsistency in the quality and availability of urban bus services being provided throughout the State. Of particular concern were services in the growth areas of the State where services were clearly inadequate.
- Urban bus services outside Brisbane were generally very poor, with most areas lacking any bus transport at night and on week-ends and with limited services in off-peak times.
- Many services lacked up to date timetables, used old vehicles and had few customer service innovations.
- The existing bus licensing regime had fostered an expectation of guaranteed lifetime rights for existing operators in a restricted market, irrespective of their performance levels or their capacity to meet changing consumer requirements.
- Urban scheduled bus operations were undertaken within an excessively rigid framework of fixed geographically based areas and routes of operation. The rigidity of the system and the illogical nature of the boundaries, particular in the growth areas of South East Queensland, prevented operators from effectively responding to new growth areas and other demographic changes.
- Urban bus operators had become increasingly reliant and dependent on government subsidies instead of their own business and entrepreneurial skills. There was no link between Government payments and operator performance and no incentive to improve performance.
- There was little or no coordination or integration of services between modes.
- Subsidies paid to urban bus operators had increased by 30% over a five year period to 1993 while payments to school transport had increased by 12% over a three year period. Few mechanisms were in place to ensure that the funds were targeted where they were most needed, or that they were directed towards achieving a higher level of performance and service delivery.
- Subsidies were not directed to assist the most needy. Subsidies were based on fare box revenue and therefore penalised operators who carried concession passengers such as pensioners and children.
- The Government interest loan subsidy scheme for the purchase of new buses had not effectively reduced the age of the Queensland bus fleet. Indeed, the urban bus fleet was one of the oldest in Australia.

INDUSTRY COMMISSION FINDINGS

15. The findings of the State Government review were echoed in the Australian Industry Commission's report on Urban Transport released in 1994. The Commission found that, Australia wide:
 - Poor quality urban bus services as evidence by many participants in the inquiry;
 - Limited innovation caused largely by inappropriate regulatory requirements of Governments; and
 - Poor management and work practices leading to excessive capital being used to provide a given level of service or used to provide services that no one wanted or used.
16. The Industry Commission also concluded that there were significant productivity differences between different private operators and that the unexploited scope for service innovation suggested that there are likely to be substantial gains from reforming the institutional arrangements that have applied to the provision of urban bus services.
17. By the time the Industry Commission Report was released, the Queensland Government had come to a similar view and had set about reforming the bus industry throughout the State.
18. The problems of future demands had been clearly identified. The question was which options for reform should be adopted.

MODELS OF REFORM

19. In considering reform possibilities, three broad options are generally available:
 - Monopoly licensing granting operators an exclusive right to operate within a specified area;
 - Deregulation of entry requirements allowing unfettered competition between operators in the market; and
 - Performance contracts which have elements of both monopoly provision of services and periodic competition.

MONOPOLY LICENSING

20. Monopoly licensing existed in Queensland prior to the current reforms. Through the issue of licences or permits operators had an exclusive right to provide public transport services over specified routes or in designated areas. This right was

tradeable and recognised by financial institutions as having some value. Operators had come to expect that licenses were issued for life, and their future was therefore judicially guarded.

21. The problems associated with monopoly licensing systems have been well documented and the findings of both the Queensland Government review and the Industry Commission clearly identified the potential pitfalls of this option which arise directly from the lack of competitive pressures and excessive prescriptive government regulation. Briefly, these include:
 - high operating costs - The Industry Commission found that private bus operators in Sydney (which operate under a contract) were among the most efficient in the country while private operators in Brisbane lagged behind both Sydney and Melbourne operators;
 - poor performance in terms of service delivery, management and work practices. Work done by the Queensland Passenger Transport Review showed that private and public bus operators throughout Queensland failed to provide appropriate services and had poor management practices. Operators constantly used old buses on inappropriate routes with few services in off peak periods; and
 - lack of innovation - bus operators in Queensland almost exclusively used large buses to service small patronage levels. By way of contrast, reform of buses in the UK, has resulted in a variety of bus sizes being used increasing the ability of operators to enter narrow streets and reduce capital and operating costs.
22. However, monopoly licensing systems do have some benefits. They provide operators with a degree of certainty needed to make investments. These might include investments in developing routes and networks, vehicles and technological innovation.
23. The question, however, is whether these benefits outweigh the costs that result from the lack of competition faced by operators. In effect, a monopoly licensing regime assumes, implicitly, that this is indeed the case. Such an assumption is difficult to maintain, however, in the light of empirical evidence, both in Queensland and elsewhere, that suggests that the costs of monopoly licensing far outweigh its benefits.

DEREGULATION AND OPEN COMPETITION

24. The other extreme structural model is complete economic deregulation of entry to the urban scheduled bus industry. Essentially, this involves allowing free entry and exit into markets with fares and vehicles completely decided by the operator in response to market pressures. There would be no licences or Government regulation

of entry with the role of Government being relegated to ensuring levels of public safety and to subsidising unprofitable services which it required and that would otherwise not be provided by operators.

25. Open competition in many industries drives down costs and prices while maintaining a level of service desired by customers. It also encourages innovation and appropriate management and work practices in order to gain and maintain greater efficiency and market share and, in doing so, enhances profitability.
26. The benefits of competition and the threat of competition can be seen in other formerly highly regulated industries, such as airlines. It is likely that competition would have similar impacts on the bus industry. This is certainly the view of the Industry Commission (1994) which noted that:

"Contestability (competition or the threat of it) is fundamental to improving the performance of the Australian bus industry."

27. The benefits of competition in the long distance, charter and tour bus industries, which in Queensland, have been subject to open competition for some time, are also significant. The Passenger Transport Review found, for instance, that of bus companies that operated both urban scheduled services (which were not subject to competition) and tour and charter buses (which were subject to competition) the standard of buses were much higher in the tour and charter section of the company. One company, for instance had their urban route bus fleet described as

"... ex-Leylands, approximately 25 years old, in varying states of disrepair. Paint work was faded, route number blinds were missing and engine noise was above average in many cases."

28. The consultant who made these comments also noted that in the competitive charter and tour markets, the operator was:

"... operating new buses on charter hirings, school sports charters and school special buses."

29. It is clear from the experience in Queensland that the tour and charter bus industry is subject to both competition and the threat of competition from new entrants. That is, entry and exit into the industry and into specific markets is relatively easy in the absence of regulation preventing it. The experience in Greater Manchester where over 60 bus companies operated in competition with each other following deregulation in the UK suggests that competition in the bus industry need not be limited to charter and tour services but that all aspects of the industry, including urban scheduled services can benefit from competition.

30. However, open competition in a market does not always deliver the best set of outcomes. In standard economic theory, market solutions will result in an efficient outcome when certain necessary conditions are met. Among these necessary conditions are requirements that there is perfect information and that there are no externalities.
31. The bus industry fails on both these counts. Information is far from perfect and the industry itself operates in an environment in which external costs and benefits are pervasive. Externalities that affect decisions of operators and consumers in the bus and public transport market generally include:
 - The fact that travel decisions interact with one another. The social cost of driving a car on a road is not just the variable cost of the driver, the fuel and the wear and tear of the car. The car also imposes costs on everyone else using the road.
 - Other external costs, including road accidents and pollution are rarely taken into account by road users either; and
 - It is often impossible for consumers to gather and assess information on the relative quality or safety of the vehicle and service prior to taking the trip thus providing opportunities for operators to reduce quality or safety in order to cut costs.
32. There are also social reasons why Government's might intervene in market based models of regulation. The most frequently cited of these is that market solutions are not concerned with distribution of income or benefits. Some people may have poor access to public transport as a result of the operations of the market. The transport disadvantaged such as people who use wheelchairs, people on low incomes, as well as people in sparsely populated areas where routes may not be profitable can all lose from the market outcome where services respond largely to the willingness of customers to pay.

PERFORMANCE CONTRACTS

33. Performance based contracts provide a balance between models of open competition and monopoly licensing. They offer the accountability and dynamic efficiency benefits of competition as well as the service coverage, investment and information certainty advantages of monopoly operations.
34. The Industry Commission recommended two approaches to reform of the bus industry. One was the competition model which involves allowing access to any potential operators to all bus markets at all times. The other was to allow competition for the exclusive right to provide all services in a particular area or on particular routes. There are very few truly deregulated bus markets in the world and even in the best known, the UK outside of London and in New Zealand, local

authorities are allowed to intervene by specifying and tendering out contracts for loss making community services that the local authority wished to see supplied.

35. Thus performance contracts are used, as the next best alternative to open competition because they offer a practical alternative to merge the adverse effects of competition while still capitalise on the efficiency benefit of competition pressure. Ian Wallis (1995, p.8) characterises this type of reform model as "Free Market with Gap Filling" or "Contract with Commercial Opportunities".
36. Introducing competition through performance contracts in the urban bus industries has been shown to result in significant cost savings and service innovation. Subsidies in New Zealand have fallen between 10 and 50 percent. In Sweden where there are contracts for all services, average cost savings have been in the order of 5 to 15 percent on average. Savings in particular cities have been significantly higher. Costs in Goteborg have fallen 45 percent over 4 years. The benefits that are expected in Queensland will be outlined later.
37. Performance contracts allow governments to retain control over broad aspects of operators performance while permitting the introduction of periodic competition and competitive tendering for the right to deliver services in area. The performance contract seeks to balance the need to take into account the public interest against the benefits that flow from competition.

THE QUEENSLAND GOVERNMENT APPROACH

38. The Queensland passenger transport reforms were developed within a framework of new policy principles.
39. These principles were:
 - The operation of public passenger transport should be regarded as a commercial business aimed at pursuing and attracting maximum patronage. Therefore, user needs should be the primary determinant of the type, nature and frequency of services and associated infrastructure.
 - The public interest will be best served by ensuring that the providers of public passenger transport operate within a framework characterised by greater accountability, competition and contestability.
 - Market entry should only be restricted when it will result in a better level of service delivery than would otherwise be attained through unrestricted competition.
 - Government regulation should be kept to a minimum and restricted to ensuring high levels of safety and the efficient meeting of user needs.

- Government financial assistance will only be provided in those circumstances where services and infrastructure cannot be provided in a commercial market, but are determined by Government as necessary.
 - Government has an obligation to ensure a reasonable level of mobility and access for those in the community who are disadvantaged through age, disability or income.
40. Based on the review's findings and the general policy principles just outlined, a system of performance contracts was regarded as the best option and these were introduced in new legislation governing all of public passenger transport in Queensland.
41. Under the legislation, which was introduced in November 1994, service contracts which hold operators accountable for minimum performance levels are required by operators of urban scheduled bus services as well as a number of other public transport services where market entry restrictions apply.
42. The legislation specifies the factors that have to be taken into account when applying market entry restrictions. These include that:
- the level of services would be greater than the level of service that would otherwise be provided in an unrestricted market;
 - access to public passenger transport would be greater than would otherwise be achieved;
 - service innovation would be greater than would otherwise be achieved; and
 - the particular public passenger services would better meet the Government's social justice objectives at lower costs to the Government than would otherwise be achieved.
43. These conditions are fulfilled by:
- the requirement to provide a wide level of service including during evening and weekends to all areas within the contract area;
 - inclusion of a requirement that households within the service contract area are close to bus stops;
 - the requirement to make capital investments; and
 - the ability to reduce the level of subsidy.
44. For the urban scheduled bus industry, each of these factors is assured through the five year performance based service contracts which specifies minimum service

levels as well as a range of other conditions which have to be met by operators. Because operators are required to meet and these conditions and levels of service across a geographic area, including the cross subsidisation of unprofitable routes and services, it was considered that services under the performance contract across the entire geographic area would be better than would otherwise have been the case under open competition.

45. Like the factors that have to be taken into account in determining whether market entry restrictions should apply, the legislation specifies what should make up the minimum service levels in the contract and what they must have regard to. For example, minimum service levels must specify the periods when the public passenger service is to be provided and the nature, frequency and extent of the public passenger service during the period.
46. In determining the required service levels the government must have regard to the needs of the community for whose benefit the service is provided, service levels in comparable communities (whether in Queensland or elsewhere) and the cost of service provision.
47. In Queensland, these factors have resulted in minimum service levels which specify that a percentage of residents must be within a certain distance from a bus route. For example, the contract for the Gold Coast area of Southeast Queensland requires that 95% of residents must be:
 - within 400 metres of a primary or secondary route during weekday peaks and during daylight shopping hours; and
 - within 800 metres of a primary route on week nights and during non-shopping hours on weekends.
48. The minimum service levels also require operators to ensure that routes are not circuitous, requiring the length of the route to be no more than 25 to 30% more than the shortest road distance from any point to the final destination.
49. Minimum service levels also specify service frequencies. Operators have an overriding responsibility under the contract to provide sufficient trips and vehicle capacity to meet projected passenger demand. However, the minimum service levels specify the minimum permitted under the contract. On the Gold Coast, minimum service frequencies range from 30 minutes during peak times to 60 minutes at night, on Sundays and holidays.

CONTENTS OF SERVICE CONTRACTS

A service contract must state minimum service levels to be complied with by the operator.

Minimum service levels for a particular public passenger service must specify -

- a) the periods when the public passenger service is to be provided; and
- b) the nature, frequency and extent of the public passenger service during the periods or particular parts of the periods.

Minimum service levels must have regard to -

- a) the needs of the community for whose benefit the service is provided; and
- b) service levels in comparable communities, whether in Queensland, elsewhere in Australia or in a foreign country; and
- c) the cost of service provision.

Service contracts may also -

- a) establish performance outcomes for frequency, regularity, punctuality and accessibility; and
- b) establish performance outcomes for customer information and service; and
- c) establish principles for fare setting; and
- d) establish performance levels for the quality and type of public passenger vehicles; and
- e) establish criteria for government payments under the contract; and
- f) require the operator to provide or fund infrastructure associated with providing the public passenger service; and
- g) require the operator to have or develop a business plan outlining how the performance levels are to be achieved; and
- h) require the operator to establish a management information system to monitor, record and report periodically on performance; and
- i) require the operator to provide the chief executive with information the chief executive may require; and
- j) establish performance outcomes for other aspects of the way the operator provides the public passenger service or carries on business; and
- k) provide for the payment of compensation by the operator if the operator contravenes a condition of the contract, including, for example, compensation for the cost of providing the service through another operator; and
- l) include other terms required by the chief executive.

The chief executive -

- a) is obliged under a service contract to act in a reasonable way to facilitate the contract's operation; and
- b) has the other obligations stated in the contract.

Transport Operations (Passenger Transport) Act 1994 (Qld)

50. In addition to the minimum service levels, the contract requires that operators undertake a number of other obligations. These include:

- attaining and maintaining the appropriate accreditation and using authorised drivers;
- meeting Quality Assurance provisions;
- providing convenient access for the public to make enquiries and complaints;
- establishing a management information system which allows for reporting under the contract; and
- meeting minimum vehicle standards which include common liveries and maximum average vehicle ages.

Service contracts may also:

- establish performance outcomes for frequency, regularity, punctuality and accessibility;
- establish principles for fare setting;
- establish criteria for government payments under the contract; and
- require the operator to pay for infrastructure associated with providing the service.

51. Two types of bus contracts are currently being developed by the Government for the provision of regular scheduled passenger services. These are:

- Commercial Service Contracts for which operators will eventually receive no government subsidy.
- Government Funded Contracts under which subsidies are paid to operators for the provision of services within non-commercial areas.

52. In both cases, all existing bus operators within an area are invited in the first instance to submit an offer to undertake services under contract. Operators are required to submit a business plan outlining how they plan to meet the minimum services and the progress they intend to make by the end of the contract.

53. Progress against the business plan is monitored and the legislation provides for a mandatory mid-point review at which operators must conduct a market based needs assessment for the public passenger service. This not only ensures that operators are meeting the planned progress under the business plan, but will identify any potential markets which are not currently being met by the operator. In the event

that the operators performance is inadequate, the Government may require the operator to take specified steps to remedy the inadequacy.

54. If minimum service levels are met by the end of the contract period, then the contracted operator will be offered a new contract. Failure to meet the minimum service levels will lead to the contract being offered to other operators willing to provide the service. In this way, competition occurs for the market at periodic intervals and pressure to perform is generated.
55. At the same time that the contracts are being implemented, government subsidies for commercial service contract operators are being removed. The contract areas are significantly larger than the old licensed bus areas which have been amalgamated to provide operators with greater opportunities to increase profits by meeting existing and emerging demand, as well as reducing inconvenience to passengers. Some of these profits will go toward the cross subsidisation of unprofitable services that the operator is obliged to perform.

RESPONSE TO THE REFORMS

56. The response to the reforms from the bus industry in Queensland has been mixed. Some operators were concerned that they are going to lose their business or money to other operators have opposed the reforms while others have embraced the reforms wholeheartedly.
57. Ultimately, the test as to how well the industry has responded to the reforms lies in the extent to which services improve over the next five years. While it is a little early to be definitive, the early contracts signed with operators have proved heartening.
58. Despite the scepticism of the critics in the industry that the contracts were not commercially viable, in all ten contract areas where offers have been invited and the lodgement period has expired, one or more offers have been received from existing operators. Moreover, as operators jockey to position themselves to secure the contacts, there has been a general vitalisation of the industry in Queensland. This is reflected, for example, in a surge of new business for coach builders to the extent that a major NSW coach builder is in the process of establishing operations on the Gold Coast that will employ 30 people to service this demand.
59. In May and June, the Government awarded contracts for the provision of urban bus services in Cairns, Townsville, Ipswich, Gold Coast, Sunshine Coast and Logan City.
60. Compared to existing service levels, the new contracts specify significant increases in the number of frequency of services as well as specifying minimum levels of innovation and customer service. In many cases, the contracted operator has promised to exceed the required service levels, in some cases within 18 months.

61. The benefits from the performance contract approach can be demonstrated by comparing the service levels provided under the old licensing regime with the minimum service levels required under the new contracts and the service levels offered by the successful contractor (see Table 1).

Table 1. SERVICE LEVELS IN SELECTED QUEENSLAND CITIES

	Existing Weekly Service (Old regime)	Minimum Service Levels Required (New contracts)	Contract Offer % Accepted	% increase
Cairns	646	1645	2963	358
Townsville	520	2031	2577	395
Ipswich	840	1414	1800	114
Gold Coast	4070	5552	8750	114
Sunshine Coast	620	1430	5148	730
Logan City	1825	3126	4591	152

62. There is no doubt that the reforms are already making a difference. It is clear from the initial contract offers for urban bus services that higher levels of service are possible and that there is a good deal of interest from operators, both interstate and overseas to provide these services.

WHAT THE FUTURE HOLDS

63. The future will see the application of performance based service contracts to public transport increase considerably. More contracts will be introduced for bus services throughout Queensland. In addition, performance based service contracts are currently being developed for the taxi industry and will be developed for rail and possibly scheduled ferry services in the near future.
64. The future development of these contracts will introduce significant competition and contestability into the passenger transport industry in Queensland. In this way, the State and its public transport operators will be well placed to respond to the pressures for greater competition and greater accountability that will come with the implementation of National Competition Policy in Australia over the next few years.
65. Whatever the outcome of the current deliberations on the National Competition Policy, it is clear that the community, the industry and the Government will all benefit from the introduction of performance contracts in Queensland.

Industry Commission (1994), Urban Transport, Vol.1 AGPS, Canberra.

Wallis, I. (1995) Urban Bus Reform in Australasia - Where Have We Got To?, IIR
Urban Transport 95 Conference, Sydney, June.