



Public public transport

Why some cities choose to move away from competitive tendering of public transport?

Presentation of the first steps of the research

- Didier van de Velde
 - Delft University of Technology (the Netherlands)
- Anders Wretstrand
 - Lund University (Sweden)
- Karin Thoresson
 - Swedish National Road and Transport Research Institute
- Alexander Paulsson
 - Swedish National Road and Transport Research Institute



Several transport authorities recently moved away from competitive tendering in favour of public ownership and in-house production of public transport

Several (urban) areas in France, Denmark and Sweden, also UK

- What is the political discourse and rationales surrounding the decision?
- What are the perspectives and opinions of main stakeholders about the reasons for these changes and about their consequences so far?
- Are there similar triggers? Root causes?
 - Local factors?
 - Main elements of the contracting and competition history?
- Are there similar effects?
 - Does it deliver as expected?
- Could this be prevented? Or is it advisable?

Sources

- *Desk research*
 - *Political propositions and decisions*
 - *Local/regional authority documents*
- *Semi-structured interviews with stakeholders*
- *Performance data*



Cases in France (research trigger):

A trend towards renewed in-house production since 2011

Domenach, 2015:

- Suggests in his research that public operators are as efficient as private ones
- Public management appears to be chosen for various reasons
 - Lack of competitors
 - Too expensive bids
 - Wish to have a better control
 - Political choices
 - Fears for court cases
 - Low cost-coverage rate
 - Reluctance of private operators to bear too much risk.
- *NB: From 400 000, 150 000, 50 000, to very small areas*

Le Ruyet, 2017:

- Enactment of a law that facilitated the creation of public sector companies (2010) constituted one of the triggers
- 16 public sector operators have been created between 2011 and 2017
 - 2/3 in urban transport
- Chosen for several reasons
 - Having a more local (public) shareholding and management control
 - Having a more flexible and efficient management (compared to traditional public operators, and as allowed by the new legislation)
 - Being able to be more responsive to changing public needs



Case in Sweden

Örebro

- 150 000 inhabitants
- Since 1990s
 - Competitive tendering in the bus sector
- In 2016
 - Investigation of alternative forms of organisation
 - The PT authority and the PT planner (company responsible for tendering) had experienced problems in relation to the contracted bus companies for a long period of time
 - Reasons put forward
 - Malfunctioning market (few and fewer bids, large actors)
 - Unbalanced relationship, shortsightedness
 - Legal disputes
 - Poor employment conditions for bus drivers (automatic take-over not ensured)
- In 2017
 - Political decision by assembly of Region Örebro to provide public bus transport in-house
 - Exception: small contracts with local actors (framework agreements)
 - Crucial condition for the decision
 - Opportunity to buy into an already existing, publicly owned, company in the neighbouring Region Västmanland

A map of Denmark is shown in the background. The main landmass is colored yellow, and the surrounding water is light blue. The island of Bornholm, located in the Baltic Sea to the east of the main landmass, is highlighted in red. The title 'Case in Denmark Bornholm (BAT)' is overlaid on the top left of the map.

Case in Denmark Bornholm (BAT)

- 40 000 inhabitants
- Since early 90's
 - Bus traffic operated on tendered contracts
- In 2009
 - After only one year of operations, the (entrant, but local) bus company running the traffic went bankrupt
 - BAT purchased the buses from the bus company, hired the bus drivers and the technicians
- In 2014
 - Independent investigation commissioned to evaluate cost, quality, reliability and customer satisfaction
 - As it turned out: operating the traffic in-house was both more cost-efficient and more reliable than with tendered contracts
- Ever since
 - Political consensus about in-house operations of public transport

Expectations for the rest of the paper

Possible causes of the shift

- External change factors: legislation, constraints
- Changing political majorities
- Local political preferences “for public PT”
 - Need for more responsiveness to policy needs and foreseen changes during the coming years, policy interdependencies
 - Concerns about working conditions of drivers
 - Perception to save money
- Local political preferences “against CT”
 - Past dissatisfaction with CT (court cases, procedural issues, ‘will’ to be seen to have political control, poor operator performance,...)
- Lessons from elsewhere: CT to NC?, NCC to GCC?

Possible consequences of the shift

- Ease of governance? increased efficiency?
- Longer term: back to inefficiency? regulatory cycle?

Next steps

- Comparative analysis of the institutional conditions for in-sourcing in these various settings
- **Why** insourcing? Flexibility, reliability, bankruptcy, few bidders, bus drivers working conditions etc. Difference between rhetorics and actual causes?
- **How** has it been done? Buying bus fleet, or shares in a publicly owned bus company
- **What** are the effects? Difficult to measure... further studies needed