

FRANCHISING AND PERFORMANCE BASED CONTRACTS: LESSONS FROM PUBLIC TRANSPORT IN MELBOURNE

*Paul Mees
Faculty of Architecture
Building & Planning
University of Melbourne*

BACKGROUND

Introduction and scope

The franchising of train and tram operations in Melbourne has been the subject of a number of papers at THREDBO series conferences (Stanley & Hensher 2003a, 2003b; Stanley, Betts & Lucas 2005) and elsewhere (Mees 2005). Train and tram services were franchised to private operators in 1999, but the arrangements failed only a few years into the 10-15 year life of the contracts. In 2004, new ‘partnership’ agreements were finalised with two of the original franchisees, which are closer in nature to performance-based contracts. However, because the negotiations were conducted in secret, it was difficult to determine whether the outcome represented genuine value of the community – at least for observers unwilling to simply take the word of the parties to the negotiations that this was the case.

More information has become available since 2004. The texts of the agreements were released publicly in late 2005, together with information about actual and projected subsidy payments. In addition, the new arrangements have now been operating for three years, and it is possible to compare the performance of the operators under these new arrangements with both the first phase of franchising and the previous period of public ownership.

This paper reviews the Melbourne history, the contracts, the financial data and other information about performance to assess the extent to which the introduction of performance-based contracts has resolved the problems that plagued the original franchise arrangements. It concludes by drawing some lessons from the Melbourne experience about problems that occur when performance-based contracts are negotiated with ‘incumbent’ operators. The analysis is confined to trains and trams (Melbourne’s bus services are run by private firms, but under different arrangements that stem from a different institutional history), and metropolitan Melbourne (the experience of rural passenger and freight services deserves examination, but would require a separate paper).

The analysis employs the distinction between strategic, tactical and operational levels of public transport operation explained in Van de Velde (1999). Franchising, in which both tactical and operational planning are contracted to private firms (although in some cases tactical planning may be shared with a public agency), can be distinguished from sub-contracting, in which the public agency retains responsibility for tactical planning but seeks competitive tenders for service provision at the operational level.

The 1999 franchising and its collapse

The first phase of Melbourne franchising has been described in Stanley & Hensher (2003a) and Mees (2005) and will not be repeated in detail here. It is important, however, to note two critical facts about the situation prior to franchising in 1999. The first is a largely successful government reform program between 1993 and 1997, which saw dramatic reductions in operating subsidies, along with significant improvements in service reliability and, from 1994, increases in patronage. The Victorian Auditor-General noted in his 1998 review of the reform program that these improvements were expected to continue under public ownership; however he also expressed the opinion that the scope remaining for cost reductions was relatively modest (Auditor General 1998). The second fact to note is that the preparation for privatisation, which involved splitting the former Public Transport Corporation into five separate operating companies, led to increases in costs and declines in reliability over the last two years of public operation. As a result, the appropriate 'base case' for comparison with the performance of the franchised system is the position and trends applying in 1997; comparisons with the situation in 1999 would create an artificially optimistic picture of the performance of franchising (Mees 2005).

The Melbourne franchising process saw private firms competitively tender to provide services at the tactical and operational levels, with strategic goals set by the Victorian state government. The central feature of the arrangements was an innovative subsidy regime which saw payments shift over the 10-15 year life of the franchise agreements from fixed payments to a formula based on increases in patronage; there was also a system of penalties and bonuses tied to a series of operational performance measures such as reliability and crowding. The idea was that patronage-based subsidies would force the operators to carry out the necessary tactical planning to attract additional patrons, since the alternative was financial losses.

The private operators failed to achieve their patronage targets, but this did not result in operating losses. National Express, which operated one train and one tram franchise, was liquidated after its British parent company withdrew financial support at the end of 2002, amid media reports of multi-million-dollar losses. However, at the same time, the parent company advised its shareholders that the Melbourne operations had made profits for the calendar years 2001 and 2002 (National Express, 2002):

- Turnover for the train and tram operations, which we ceased operating on 23 December, in the year to 31 December 2002 totalled £159.9m (2001: £153.0m) with operating profit of £0.1m (2001: £9.4m).
- National Express anticipated losses in the future, as fixed subsidies declined, but withdrew before incurring any such losses. The two remaining franchisees, Connex and Yarra Trams, both of which have French parent firms, negotiated increased subsidy payments that prevented losses being incurred.

The 2004 'bailout'

Rather than go back to the market by retendering, the government chose to negotiate with the remaining franchisees: a return to public operation (with or without subcontracting) was not seriously considered. The result was announced in February 2004, and became effective in April. Connex took over the whole Melbourne rail system and Yarra the whole tram system, in return for an increase in subsidies that was reported to be in the region of a billion Australian dollars. The results have been described as 'tactical level partnerships' (Stanley et al 2005), and have moved the system much closer to the performance based contract model described by Stanley & Hensher (2003b).

The previous arrangements had relied on the private operators to take the lead in tactical-level planning, with patronage-based subsidies as spurs to carry out this planning correctly (and the penalty/bonus scheme for reliability can be seen as the incentive to get operational planning right). The new arrangements retain the penalty/bonus scheme, but effectively eliminate the patronage incentives, with the majority of the operators' incomes now coming either from fixed subsidies or from a specified share of the total (rail, tram and bus) revenue pool.

So the question arises: without the subsidy spur, what is to provide the incentive for high-quality tactical planning? The answer that has been offered is that tactical planning will occur through a 'partnership' between the two operators and the Victorian government's Public Transport Division, which was formerly merely the regulator of the franchisees. It should be clear that such a partnership is only likely to work if it is genuinely designed to address the problems that led to the collapse of the earlier franchises. To assess whether is the case, it is necessary to revisit the question of why the initial arrangements failed.

WHY DID THE INITIAL FRANCHISE ARRANGEMENTS FAIL?

No contingency plans

On reflection, it is surprising that experienced international public transport operators and a team of high-powered government officials could have structured franchise agreements that so clearly ignored the advice of the Victorian Auditor-General on the scope of cost savings and 'easy win' patronage increases. It is even more surprising that the government officials in charge of the process, some of whom have subsequently admitted to misgivings about the achievability of the targets, developed no contingency plans to deal with the possibility of one or more of the franchisees failing to meet its patronage and revenue forecasts. One consequence of this was that when problems began to emerge in late 2001, the State government was caught completely unprepared and a state of near-panic developed, which limited the government's capacity to seriously assess all the options open to it.

Ideology and 'capture the regulator'

Stanley and Hensher (2003a, p. 14) argue that a key contributing factor was ideology and the accompanying promotional hype:

- The franchise process seems to be partially guilty, at least, of being too caught up in the hype of promoting competition as an end in itself! Ideology, it seems, triumphed over understanding.

In such an environment, it is easy for an experienced operator to play 'capture the regulator', a possibility that Stanley and Hensher (2003a, p. 14) raise but prudently refrain from expressing a final conclusion on:

Were [the operators] engaged in buying market share with a view to subsequent upwards contract price adjustments? We call this playing 'capture the regulator'... with a troubled franchise in place, it is easier for a government to increase payments to that operator to continue service than to face the political odium of major service disruptions. The additional payments made by the Victorian government during 2002 give some credence to this view...

Mees (2005) expresses similar views to the above, noting the way in which the two ultimately-successful franchisees devoted considerable energies to endearing themselves to the incoming Labor government following its election in September 1999.

Institutional lock-in?

Related to the above problems is the notional of institutional lock-in, which refers to situations in which a ‘policy community’ – for example, a group of public officials – becomes closely identified with a particular policy and the accompanying worldview. The policy community’s identity, and more prosaically the job security of its leaders, becomes bound up with defending the policy, which cannot be allowed to ‘fail’.

Although there was a change of government in Victoria in 1999, the election result was a shock to all concerned, including the incoming administration. One result was that the key officials responsible for the franchising process retained their jobs in the Departments of Treasury and Transport. These officials became an important part of the process of ‘selling’ franchising to the new government, with Treasury and the Director of Public Transport (appointed to regulate the franchisees) producing a stream of over-optimistic analyses of the benefits of franchising (see Mees 2005 for details), but no warning to the government of what turned out to be an impending collapse.

Ironically, one effect of this poor advice was that the officials responsible were retained by the government as advisers when the problems emerged. A better-prepared, less panicked government might have taken the opportunity to bring in new advisers, rather than relying on those whose advice had been proven wrong. A panicked government, secret (commercial- in-confidence) negotiations and continuity in the advising officials provide ideal conditions in which to expect an institutional lock-in. Under such a scenario, one could hardly be confident that the new arrangements would be based on a fearless, searching analysis of the reasons the old ones failed.

REVIEWING THE RESULTS OF THE NEW PARTNERSHIPS

Patronage and the ‘capacity crisis’

Only three years after it was announced that Melbourne’s train and tram operators were to receive a billion-dollar bailout due to insufficient patronage, the city’s newspapers report that the rail system, in particular, is groaning under record patronage volumes. Rail patronage in 2005-06 was reported to be 38 per cent higher than in 1999-00; tram patronage had risen by 25 per cent. One of the original authors of the 1999 franchising policy now claims that the patronage targets in the original franchises may even be achievable (Allsop 2007, p. 18).

The apparent increase in patronage was partly the result of the 2006 Commonwealth Games, and a revision in the formula used to estimate trips from ticket sales (which ‘redistributed’ passengers from buses to trains and trams), but there has probably been a genuine increase of around 25 per cent for trains and slightly less for trams. Although media commentary has attributed the increase to rising petrol prices, a more significant contributing factor is substantial – and historically unprecedented – growth in employment in Melbourne’s Central Business District (Moriarty & Mees 2006). According to the Melbourne City Council’s Census of Land Use and Employment, the CBD workforce rose by 32 per cent between 1997 and 2006, with a jump of 10 per cent in the two years since 2004 (MCC, 2007). One potential cause that can easily be ruled out is the level of service provided by Connex and Yarra Trams

since the 2004 agreements came into effect: few additional services have been provided over this time, and (as discussed below) reliability has deteriorated (Allsop 2007 is the only observer claiming that franchising is a significant factor behind the increase).

The increased patronage should have produced a commensurate increase in fare revenue, especially since it is comprised largely of full-fare-paying CBD workers. Since the increased patronage has been accommodated without an equivalent increase in service levels, this should allow the logic of the 1999 franchises to reassert itself, and clear the way for a reduction in government subsidies. But this is not the case. After successfully demanding increased subsidies because patronage was too low, the 'partnership' between the private operators and the government regulator has persuaded the government to offer still further increases in subsidies (see Victorian Government 2006), this time because there is said to be a capacity crisis on the rail system (i.e. patronage is now too high!).

But if the rail system cannot accommodate substantial increases in patronage without large and expensive infrastructure works, how was it imagined back in 1999 that this was possible – by the same partnership (Connex and the regulator) that asserts this to be impossible today? And why was this problem only realised (shortly) after the 2004 bailout, and not beforehand? The whole logic of the 1999 franchising was that Melbourne's rail system had ample spare capacity, owing to the fact that patronage was very much lower than the system had been designed to carry. And on this question, at least, those who designed the franchises had facts behind them: even with the increases since 1999, the rail system carries fewer passengers than it did in the 1950s and fewer trains at peak period than in the 1920s. The Dandenong line, said to be the most crowded on the system, carries around 60,000 passengers daily, a very modest figure by comparison with heavy rail lines in European and Canadian cities: a single suburban station on Toronto's Yonge subway sees 50 per cent more daily passengers than this (see Mees 2007).

Reliability

The capacity crisis has been blamed for a significant deterioration in reliability, especially on the rail system, since 2004, a problem exacerbated by defects in the braking systems of the new trains ordered by National Express under the franchise agreements. Both late-running and cancellations on the train system are now considerably worse than in 1997, let alone the situation that would have applied had the improvements that were occurring at that time continued (see figures 1 and 2).

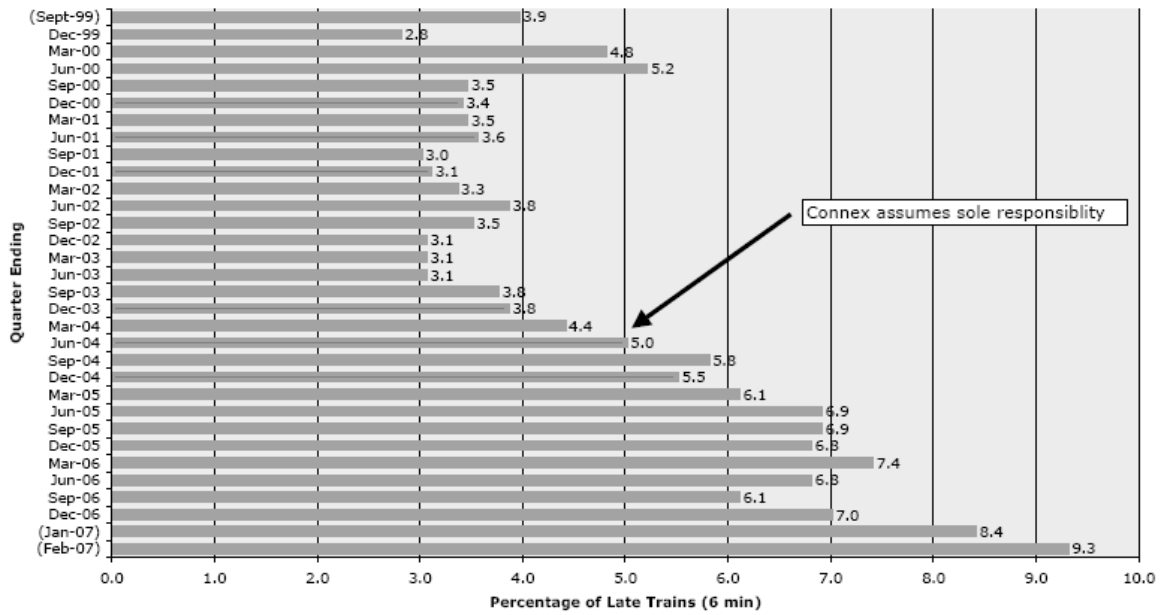


Figure 1: Train punctuality in Melbourne

Source: *Track Record*, published by Director of Public Transport, various editions.

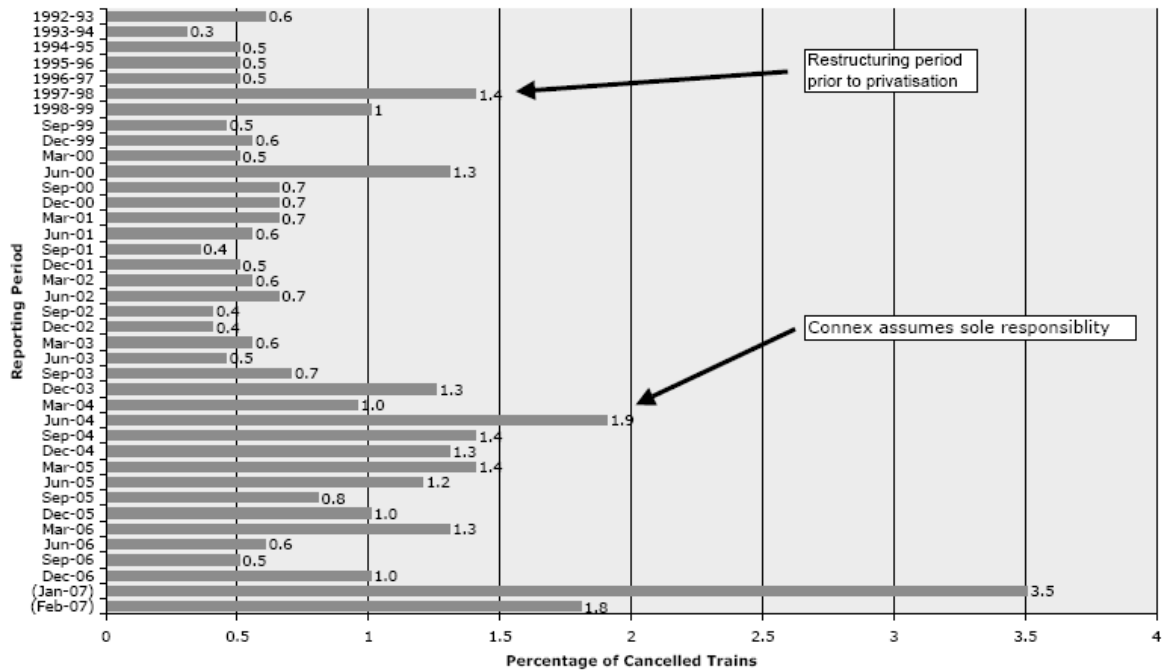


Figure 2: Train cancellations in Melbourne

Source: *Track Record*, plus Annual Reports of previous public operators.

This deterioration has been partially obscured by the regulator's practice of comparing current performance with that in 1999 instead of the 1997 situation and trend (see above).¹ If, as

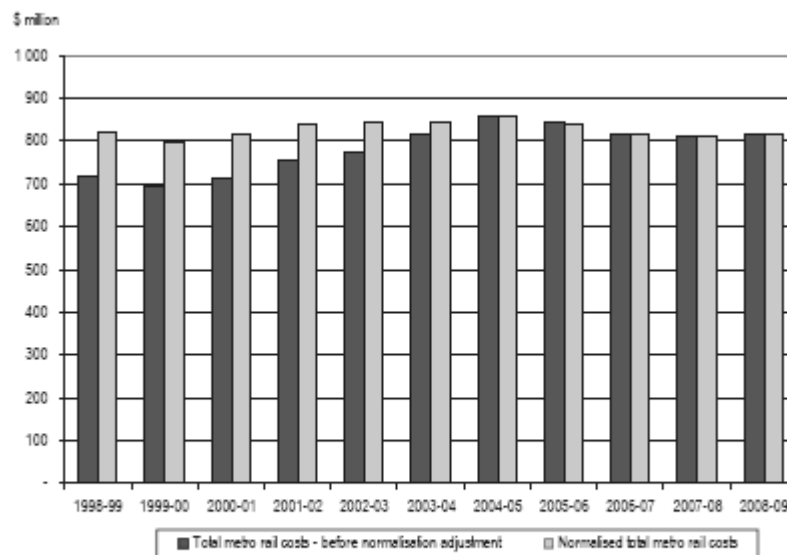
¹ Assessment of the performance of trams in this area is complicated by a change in the methodology for measuring late-running, and also by the fact that tram reliability is affected by general traffic congestion, a factor beyond the operator's control.

suggested above, the rail system is not in fact at capacity, then poor reliability is more likely to be a consequence of inefficient operational management by the franchisee, and tactical planning by the partnership.

Costs and subsidies

The Auditor-General – who had replaced the former Auditor Ches Baragwanath in 1999 in controversial circumstances – released, in late 2005, an analysis of the refranchising process of 2002-04. Unfortunately, this analysis deliberately refrained from considering the overall performance of the system, including the original 1999 franchises. This may have in part been a result of embarrassment at the failure to warn the incoming government of the potential problems with the franchises (the new Auditor-General, who was regarded as considerably more sympathetic to privatisation, had given the franchise system a clean bill of health in 2000 and then again in 2001).

FIGURE 2D: TOTAL COST OF OPERATING MELBOURNE'S TRAINS AND TRAMS (\$MILLION PER YEAR)



Note: Normalised costs include adjustments made to present the results on a comparable basis. These mainly include constant investment in rolling stock. Figures are in net present value terms.

Source: Information provided by Department of Infrastructure.

Figure 3: Melbourne rail and tram operating costs

Source: Auditor General (2005), p. 24.

Nevertheless, the Auditor's 2005 report did set out data on trends in both the cost of operating public transport, and in payments to franchisees (see figures 3 and 4). This was the first time such information had been made available publicly. The data showed that inflation-adjusted costs stayed roughly constant, except for the cost of leasing new rolling stock, but subsidies ballooned to much higher levels than contemplated in the original franchise agreements, and indeed much higher than the figures under public ownership.

FIGURE 2E: MELBOURNE'S TRAIN AND TRAM PAYMENT PROFILE (2004-05 REAL DOLLARS) – PAYMENTS TO FRANCHISEES

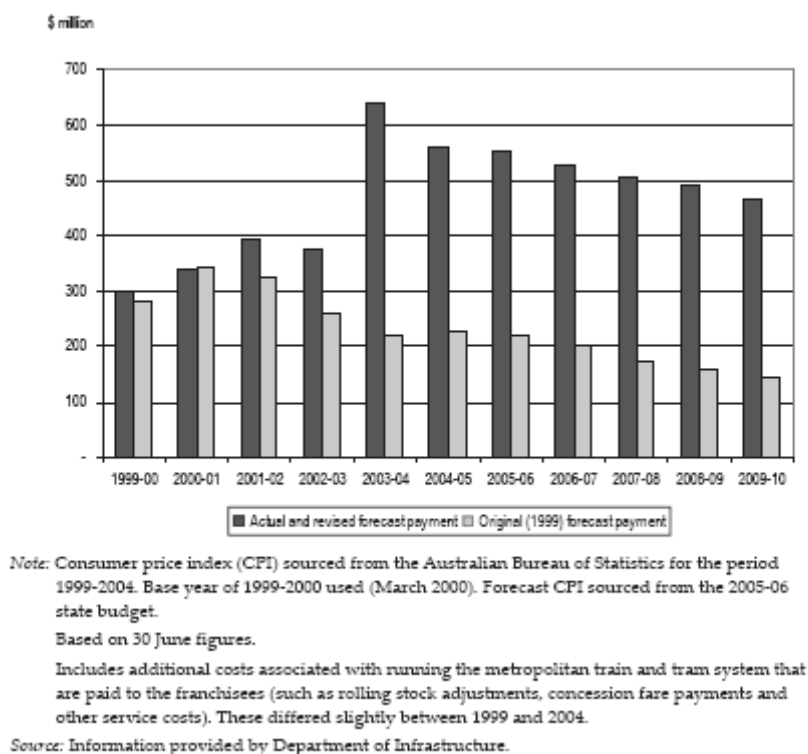


Figure 4: Melbourne rail and tram subsidy payments

Source: Auditor General (2005), p. 25.

It should be noted that since the 2005 report, the actual subsidies paid to the operators have been higher than predicted by the Auditor-General, despite the rapid growth in fare revenue, as the extra funding from the government's 2006 transport 'package' (Victorian Government 2006) begins to flow.

Strategic planning

The Victorian government's 2006 transport package Meeting Our Transport Challenges has been poorly received by stakeholders, notably because it quietly abandoned the ambitious mode shift target announced in on the 2004 Melbourne 2030 metropolitan strategy. The target – to increase public transport's share of motorised trips to 20 per cent by 2020, from the current figure of 9 per cent – had apparently been based on the earlier understanding that the rail system had ample spare capacity, and was another casualty of the new view that rail could not accommodate more patrons.

One result of the consensus among the operator/regulator 'partnership' that there is a capacity crisis is that there are no plans to extend the rail system for at least a decade, despite the continuing growth in CBD employment, and despite the 2006 census revealing that Melbourne's population is growing faster (in absolute terms) than any other Australian city. So the primary response to rising traffic levels is new road projects: rail has priced itself out of the market.

The State's normally mild-mannered Commissioner for Environmental Sustainability summarised the concerns in a May 2007 assessment of the state of Melbourne's transport policy and planning. He lamented the lack of progress on the 20 per cent mode share target,

the emphasis on new roads, the absence of serious plans for rail extensions and the lack of coordination in transport infrastructure planning (CES, 2007). The Commissioner queried whether the current institutional arrangements, including the renegotiated franchise agreements, were capable of meeting the challenges.

This phenomenon echoes the situation in Britain, from which the original model for the Melbourne franchising was derived (along with some of the key officials involved). Chris Nash (2004, pp. 94-5) has summarised the situation with UK railways as follows, in a paper that can be defended against anti-privatisation bias by noting that it appears in a book co-published by the Institute of Economic Affairs!

[A] major problem at the present time is increases in the cost of maintaining, renewing and enhancing the infrastructure. Roger Ford, of Modern Railways, used to talk of a Ford factor of two; namely that schemes today typically cost twice as much as they did under British Rail. But he is now quoting examples where the current estimate is anything up to ten times what was estimated a few years ago. ... The result... is that rail investment is now becoming so expensive that it is increasingly difficult to justify it. Increasingly it is being said that road investment is both cheaper and more effective in dealing with transport problems. Unless urgent action is taken to control these escalating costs, there is a real danger that rail will price itself out of the market, but it is not clear what that action should be.

An example of the 'Ford factor' in Melbourne is the proposed triplication of the Dandenong rail line – or more precisely, of the 19 kilometres between Caulfield and Dandenong (there are already four tracks between Caulfield and the city). This project (which I argue in Mees, 2007 is unnecessary) is said to cost up to a billion dollars, and to take until at least 2016 to complete (Victorian Government, 2006), leading to a decade or more's service disruption during construction. And all this is to allow perhaps 30,000 additional patrons to be carried, equivalent to the daily capacity of two freeway lanes for cars, or considerably lower than a freeway lane for buses. It can be compared with the New Southern Railway, a much larger project currently being delivered in Perth by a relatively efficient public rail agency using traditional procurement methods. Work on this completely new, 72-kilometre line from Perth to Mandurah, incorporating a CBD tunnel and two underground stations, commenced in 2004 and the line is due to open later this year, at a cost (including over-runs) of just under a billion dollars (see www.newmetrorail.wa.gov.au).²

SO WHAT IS THE PROBLEM?

The renegotiated franchise agreements in Melbourne have delivered escalating subsidies (despite rising fare revenue) and deteriorating reliability (despite ample spare capacity on the rail system). They also appear to have compromised strategic planning by making rail appear to be an uncompetitively expensive option with ridiculously long lead times, despite evidence from nearby Perth that this need not be the case. What is causing these problems?

The contracts themselves

The Harvard scholar Jose Gomez-Ibanez is a supporter of a greater role for markets in the provision of public utilities, but notes that this area presents a series of contracting problems

² The higher figures sometimes quoted represent the cost of the entire NewMetroRail project, including new trains, two other line extensions and works on existing lines.

stemming from factors such as monopoly considerations and ‘heterogeneous products’. Gomez-Ibanez suggests that railways typically pose more, and more difficult, contracting problems than other services such as water or telecommunications. He suggests that the major risk involved in ‘concession contracts’ (a term which covers both franchise arrangements and tactical partnerships) is ‘the risk of an incomplete contract’ leading to a requirement for renegotiation if circumstances change (Gomez-Ibanez 2003, pp. 349-353). Renegotiation in such circumstances presents a high risk of regulatory capture, because of the lack of public scrutiny arising from the ‘commercial-in-confidence’ nature of the negotiations.

As we have seen, the 1999 Melbourne franchises represented a classic case of this kind. But what of the new franchise agreements? Have the lessons of the collapse and been learned in the renegotiations? The best way to answer these questions is to begin with the contracts themselves.

The contracts governing the first phase of franchising were extremely complicated, mainly because of the need to set out the relationships between two operators who were sharing the single rail system. This complexity has been reduced by the new arrangements, which allow for one rail and one tram operator. Although there are still dozens of ancillary agreements supporting the principal franchise documents, these central contracts (which are largely identical for the train and tram franchises) are not particularly lengthy or complicated by comparison with typical commercial agreements – especially in the present era of word-processor-induced drafting prolixity.³

The principal reason for this relative simplicity is that the franchise agreements leave most questions of tactical planning to future negotiations. In fact, most of the detail relates either to standard contractual matters like time limits and payment regimes, or to operational matters such as the bonus/penalty regime for late-running, which are covered in some detail.

Each agreement provides for a ‘Master Timetable’ to be prepared in accordance with ‘Passenger Service Requirements’ (PSR), both of which predate the contracts. The Director of Public Transport may require changes to the PSR in accordance with a set procedure, subject to payment of additional costs specified in a formula contained in schedules 4 and 14. The agreements also provide for ‘load standards’, which measure crowding, but are much less clear about what is to be done if these standards are breached: each franchisee must ‘use reasonable endeavours to remedy’ overcrowding, but ‘is not required to incur additional Capital Investment’ to do so (Clause 6.1(d)).

The net effect of these and related contract provisions is to create a strong presumption in favour of the status quo, since any departure from it requires the invocation of various calculation and negotiation provisions, and a likely increase in subsidy payments. The contrast with the earlier franchises, with their (admittedly unsuccessful!) patronage-based subsidy incentives to improve performance is stark. In effect, under this regime, the initiative for service improvements has to come from the Director, and any such improvements will attract additional subsidy payments. This is not an environment in which one would expect to see dynamic tactical planning.

The results can be seen in the way the operator and regulator have responded to the relatively modest increases in patronage in recent years. A few services have been added here and there on a piecemeal basis, but the current timetable is essentially that of five years ago. Rather than

³ The writer worked as a solicitor before becoming a transport planner, and has experience in drafting and interpreting contracts.

fix the crowding problems, the partners have responded by asserting that the problems cannot be fixed without huge capital investment programs that will take decades to complete.

The result seems to represent a classic case of contractual incompleteness (using the terminology of Gomez-Ibanez): the problems that beset the original franchises have simply been replaced with a new set of problems. In part, this seems to be a result of the inherent difficulty of designing a contract that can deal in advance with the myriad of issues that can arise in operating an urban rail system. But some responsibility for the situation must also be borne by those who designed the franchise system, and now administer it.

Has the regulator been captured?

While the franchise agreements make it difficult for the Director of Public Transport to exercise his power to engage in tactical planning, there seems little evidence that the Director is unhappy with this situation. The Director's office has spent the entire period since the first franchises commenced in 1999 acting as a public defender of the franchising process and the performance of the franchisees. This seems to be a classic case of policy lock-in arising from the fact that it would be expecting too much of human nature to ask the franchising policy community to openly and fearlessly assess the results of the experiment to date, since in large measure this will amount to an assessment of the community's own performance in designing and administering both generations of franchise agreements. However, the current Minister for Public Transport has requested the Director to do just this in preparation for the State government's decision about what to do when the current agreements expire, on 30th November 2008.

CONCLUSIONS

The replacement of Melbourne's initial competitively-tendered train and tram franchise agreements with new performance-based, partnership agreements has not resolved the problems affecting the city's public transport systems. Instead, the change has entrenched poor performance, high subsidies and a lack of strategic and tactical planning.

These poor outcomes can be attributed to a range of factors, some of which are specific to the Melbourne context, while others are more generally applicable to urban public transport, or at least to urban rail systems. The main factors are:

- The inherent difficulty in writing a complete contract in the case of an urban rail franchise: the problem arises both from the difficulty in specifying the service outputs (service quality) and predicting demographic, technological and other relevant changes.
- The consequent need for renegotiation, either on a one-off crisis-induced basis (as with the first franchises) or on a continuing basis (as with the current agreements). In either case, this increases the prospects for regulatory capture.
- In the Melbourne case, an initial ideological fervour which saw competition and privatisation as ends in themselves. This in turn has led to a policy lock-in arising from the fact that many of the same government officials were involved in organising and monitoring both the first and second round of franchise agreements, creating an extreme reluctance to admit problems with the basic concepts of privatisation and franchising.

- A lack of public scrutiny arising from commercial- in- confidence contracts, ‘spin’ from both operators and regulators, a largely uncritical media and an inexperienced government.

Private operation of public transport services was initially proposed to deal with the limitations of government management and planning, including inefficiency, lack of accountability and the possibility of ‘capture’ by vested interests. In the case of Melbourne’s trams and trains, however, the cure may have proven worse than the disease.

REFERENCES

- Allsop, R. (2007). Victoria’s public transport: Assessing the results of privatisation. Institute of Public Affairs, Melbourne.
- Auditor General (Victoria) (1998). *Public transport reforms, Special report 57*. Government Printer, Melbourne.
- Auditor General (2005). *Franchising Melbourne’s train and tram system*. Government Printer, Melbourne.
- CES (Commissioner for Environmental Sustainability, Victoria) (2007). *Creating a city that works*. CES, Melbourne.
- Gomez-Ibanez, J. (2003). *Regulating Infrastructure: Monopoly, Contracts, and Discretion*. Harvard University Press, Cambridge, Mass.
- Mees, P. (2007). Infrastructure constraints or poor service planning? Increasing service to Melbourne’s City Loop and Dandenong rail corridor. Paper for 30th Australasian Transport Research Forum. Melbourne, September 2007.
- Mees, P. (2005). Privatization of Rail and Tram Services in Melbourne: What Went Wrong? *Transport Reviews* 25(4), 433-449.
- Melbourne City Council (2007). Census of Land Use and Employment, table CBD_E. Available at: www.melbourne.vic.gov.au
- Moriarty, P. & Mees, P. (2006). The journey to work in Melbourne. Paper presented at 29th ATRF. Gold Coast, Australia, September 2006.
- Nash, C. (2004). What to do about the railways? In: *Successes and Failures in Regulating and Deregulating Utilities: Evidence from the UK, Europe and the USA* (C. Robinson, ed), pp. 84-119. Edward Elgar (and IEA), Cheltenham, UK.
- National Express (2002). Investor relations report, 31st December 2002. From: www.nationalexpressgroup.com/investor_relations/prelim31dec2002.htm.
- Stanley, J. & Hensher, D (2003a). Melbourne’s Public Transport Franchising: Lessons for PPPs. Paper presented at *THREDBO 8*. Rio de Janeiro, September 2003.
- Stanley, J. & Hensher, D (2003b). Performance Based Contracts in Public Transportation: the Melbourne Experience. Paper presented at *THREDBO 8*. Rio de Janeiro, September 2003.
- Stanley, J., Betts, J. & Lucas, S. (2005). Tactical Level Partnerships: A context of trust for successful operation. Paper presented at *THREDBO 9*. Lisbon, September 2005.
- Van de Velde, D. M. (1999). Organisational forms and entrepreneurship in public transport – Part 1: Classifying organisational forms. *Transport Policy* 6, 147-157.