

JUST ANOTHER GOVERNMENT BUS SERVICE?
(Do Proper Incentives Achieve as Much as Privatisation?)

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ABSTRACT:

Privatisation has been used by Governments in the United Kingdom and the United States of America as a policy, amongst other things, to decrease the cost of providing transport services. Essentially it is assumed that privatisation will provide proper incentives so that transport monopolies/bureaucracies are forced to become efficient and effective

Brisbane City Council operates the public bus and ferry system in Queensland's capital. This paper describes the political and social environment within which the system operates. Unlike other capital city public transport systems in Australia the level of deficit is an election issue and the level of State Government subsidy is dependent on the farebox receipts. A range of performance measures - especially in the marketing innovation area - are examined to assess whether these efficiency/effectiveness incentives have resulted in achievements similar to those claimed for privatisation.

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INTRODUCTION

Privatisation and deregulation are some of the central themes of our times. Both have been used by Governments in the United Kingdom and the United States to achieve objectives in a number of different transport industries. To the author the objectives of these measures seem to include:

- (i) Decrease the cost of providing transport services.
- (ii) Break monopoly union power.
- (iii) Force management to become accountable.
- (iv) Alter the operating environment to introduce competition, innovation, etc.

It is interesting to speculate on the motive of those espousing the changes. It seems that when an existing system becomes inflexible, non customer oriented, expensive or managerially inefficient, pressures are created which lead Government to consider changes in policy such as deregulation or privatisation. Alternatively, private enterprise seems to initiate moves in order to achieve their organisational goals.

The outcomes of deregulation and privatisation do not always seem, in the longer term, to reflect the hopes of the proponents of the policy change. In other cases it seems to have achieved many positive outcomes. The author does not intend to join this aspect of the privatisation debate. Other papers at this conference may address this in more detail.

Another aspect is to ask the question "Can the outcomes hoped to be achieved by these policy changes be met in other ways?" If the objective is to produce more positive outcomes by public or private sector organisations, can this be achieved without the major policy changes? Are those espousing privatisation or deregulation using a reasonably "blunt" policy initiative to "solve" a number of managerial or operating issues that could more effectively be treated with less potentially negative side effects?

This paper seeks to consider these questions by examining the outcomes of a medium sized Australian metropolitan bus and ferry operator which has a different operating and financial environment from all other capital city public transport operators.

BRISBANE'S BUS AND FERRY SERVICE

Brisbane City Council operates the public bus and ferry services in Brisbane. The 570 buses, with 860 drivers out of 1 470 staff, carry about 42 million passengers annually while operating 25.5 million kilometers. They serve a population of about 650 000 out of a metropolitan population of 1.15 million.

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Eleven boats operate a number of cross river and "zig zag" ferries on the Brisbane River. These carry over a million passenger trips annually. The ferry system is operated under contract by a private company.

Unlike all other Australian capital cities, Brisbane's buses and ferries are operated by the local authority. This is a unique situation because it means that the State Government is not politically responsible for the service provided nor the resulting deficit.

Although it is by far the largest bus operator in Queensland, the State Government regards it as "just another bus service". All routes have to be approved by the State Department of Transport, even though they will already have received approval from the Brisbane City Council, the elected local authority of the citizens of Brisbane.

BRISBANE'S BUS AND FERRY FINANCIAL ENVIRONMENT

There are two aspects to consider. Firstly, the financial background in which Brisbane City Council operates its public transport is unlike other Australian public sector transport operators. Since 1977 Brisbane City Council has been paid a farebox subsidy by the State Government to help defray the costs of operating its bus service. (Note that its ferry system is not paid any subsidy.) This bus subsidy is currently sixty percent of its farebox receipts, and is paid by the State Department of Transport (the same Department which has to approve route changes). In return Council has to comply with certain matters which include:

- Concession fares to be half full fares for the elderly, young, etc.
- A proper standard of service to be provided.
- Reasonable school services to be provided.
- Buses and facilities to be kept to an acceptable, safe standard.

Quite simply then, unless Council can maintain a farebox cost recovery of sixty three percent, it has to contribute to the deficit of its bus system.

Secondly, on the cost side, the deficit of the bus and ferry system is always an election issue in Brisbane. Unlike the State and Federal Governments of Australia, the size of local authority budgets is quite clear as is the source of funding. A reasonable proportion of funds is levied through rates. Local Government elections seem to be understandable to the public, perhaps because they concentrate on issues such as "roads, rates and rubbish". In Brisbane a fourth issue is the service provided by the bus and ferry system and the size of the deficit.

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As the deficit is a perennial election issue, it would be expected that decision makers have to contend with the costs and revenues of any proposed changes. Secondly, if a subsidy is payable only on the farebox revenue received, this should force management to concentrate on those aspects which will improve farebox receipts - providing attractive services to passengers and setting optimal fare levels.

THE ISSUE

If the cost side of the ledger corresponds roughly to efficiency and the revenue side to effectiveness, most profit maximisation or deficit minimisation organisations would seem to be driven by both motives. This would be true whether they are private enterprise or from the public sector. Brisbane City Council seems to be in the unusual situation where it is doubly rewarded for effectiveness, as well as still being required to be efficient. Does this effectiveness incentive work?

Since the financial circumstances have existed for over a decade, it is interesting to assess whether any observable outcomes indicate that Brisbane's bus and ferry management has responded to the pressure. If so, perhaps this could make a contribution to the issues being debated. If appropriate financial pressure is put on an organisation to achieve desired goals, does the operating environment need to be deregulated or the organisation privatised?

The remainder of the paper will examine a wide range of performance aspects to attempt to reach a conclusion. Before doing this it is necessary to understand Brisbane's operating environment.

BRISBANE'S OPERATING ENVIRONMENT

Brisbane is a low urban density city in a developed country. Like other Australian capital cities it is characterised by urban sprawl. It has declining population within about ten to fifteen kilometres of its center but is continuing to grow. Much of the urban growth now occurs outside Brisbane City in the surrounding cities and shires. The urban density is about 22 per hectare. Except for Perth, other Australian cities have higher urban densities. Persons per dwelling continues to decline from 3.44 in 1966 to 2.80 in 1986 (ABS).

Car ownership is high and growing. In the same period persons per car has dropped from 3.34 to 1.54 (Veitch, 1987). Only about seventeen percent of households do not have access to a car.

Brisbane has a good traffic and transport system. Over the last decade some radial freeway development has continued and outer ring roads have been developed. Its railway system has been dramatically upgraded over the last decade. Queensland Railways operates perhaps the fastest, most modern and comfortable suburban train system in Australia.

HISTORICAL CHANGES

As the private car impacted on society in the early 1950's, bus patronage plummeted. During these years, bus services in Brisbane were continually cut in response to the plunging patronage. This was a time of continuing crisis for the bus service, especially when it was known that the Lord Mayor of the time, Alderman Clem Jones, had an ambivalent attitude towards the bus service and whether it should be operated by Council (Cole, 1985).

By the late seventies, the impact of the private car was becoming less as many households had access to one. It was at this time that the State farebox subsidy was introduced. At the same time there had been a change in the political situation so that innovation and flair began to be encouraged. This period saw the introduction of Rocket services - one or two bus trips in the commuter peak direction between a couple of stops in the outer suburbs and the CBD. Fare discount tickets and the first bus priority measures were introduced.

By 1981, Brisbane had its first bus-bus interchange, a bus-train interchange and a park and ride. The CBD peak:off-peak bus stop zoning system had been abolished. Promotion of discount tickets, of bus services and at bus stops became more prominent. All stops Citybus services were being rationalised in areas of falling patronage and introduced to the expanding suburbs.

It would be irresponsible to imply that these changes occurred because a farebox subsidy was introduced. On the contrary, the same political and management team that negotiated the subsidy implemented the changes. Of interest is that Council sought a cost based subsidy from the State Government who argued that a revenue based subsidy was more performance inducing. There is no doubt that the impact of this subsidy was to reward measures that attracted the public. The types of managerial action described above resulted. There was no widespread review of operational or maintenance practices although steady improvements were made.

It would be easy in hindsight to deprecate these achievements. Similar types of measures had already been adopted in other States. However they were an attempt by management to adapt to a changing marketplace. The successes gave management and Aldermen confidence to innovate.

Much was learned. Officers concluded that fare prices alone were not a great factor in stopping the drift to the motor vehicle. Forced interchanges were found to be impractical. They were not acceptable to choice travellers in a low frequency transit system in a city the size of Brisbane. Comfort was found to be important and bus design was changed to improve this.

However at the turn of the decade a number of things occurred that burst the bubble of confidence. A couple of savage fare increases, each at least double the high inflation rate, led to a ten percent patronage decrease in one year. It was also becoming obvious that while the scope for rationalisation of inner suburban services was declining, the cost of servicing the outer suburbs with all stops Citybuses was growing and these services were not proving attractive to the choice riders.

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INNOVATIONS THIS DECADE

Cityxpress

To resolve the dilemma of declining patronage a solution would have to be able to:

- attract non users back to buses by upgrading the product and image
- provide a fast service to outlying areas
- serve and connect the growing range of regional shopping centers and other attractors in a modern polycentric city
- do this efficiently so that the system, funded by ratepayers, was affordable.

No other Australian bus operator seemed to have a solution to the problem.

It was a new manager who adopted a very market oriented approach that considered the desires of passengers, the city form and the operational characteristics of buses to produce Cityxpress. It is highly doubtful that Cityxpress owed its conception to a farebox subsidy. Its genesis was tied far more closely to the general characteristics of every capital's suburban train system. But supporting the innovation was the knowledge by Aldermen and the manager that if Brisbane's bus system averaged a forty percent cost recovery, Cityxpress only had to achieve sixty percent and it would not increase Council's deficit. To achieve this it would be necessary to design and introduce the service to satisfy potential customers.

Cityxpress was developed as a series of strategically located, limited stop, all day, express bus routes serving the growing outer suburbs. Cityxpress operates regular half hourly "clockface" frequencies on weekdays, utilising distinctively styled, up-market buses to attract the casual and non user to public transport.

Only one stop was allowed in the CBD, located as close as possible to the Queen Street mall which serves the retail heart of the City. This, and the fast express operation, were the major factors in improving the productivity of the buses and their drivers over the all stops Citybus routes. The location also reinforced the all day operating concept because Cityxpress was aimed at the shopping market as well as commuters. For this reason attempts were made to locate the outer terminus at suburban attractors. However the terminus is finally located so that efficient bus operation results by minimising the layover time at each terminus subject to operational reliability.

Intermediate stops are designed to maximise catchments, to be at major activity points or to provide transfer opportunities. Typically they are about 1 kilometre apart with the last stop being between 4 and 13 kilometres from the CBD.

The marketing strategy to attract choice riders included the new service name and logo, use of distinctive, more comfortable buses and development of new pocket sized timetables made possible by the "clockface" timetable. No fare surcharge was applied. Route hardware, public timetables, brochures

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and the new buses were united by common colours and the special logo. So that there was no negative publicity, Cityxpress has generally been introduced over the top of existing Citybus routes, which are rationalised afterwards if warranted.

The concept proved to be adventurous, attractive and affordable. Nine routes were implemented between 1982 and 1984. A further five are now operating. These routes are shown diagrammatically in Figure One.

The effectiveness of Cityxpress is best shown by its cost recovery. The normal weekday routes, operating between about 6.45am to 6.15pm average cost recoveries of greater than 63 percent. Therefore their operation does not increase Council's deficit after the State farebox subsidy is taken into account.

An equal measure of their effectiveness is shown in the community's change in attitude towards the Council's bus service. The disastrous attempts at using the interchange concept in Brisbane had produced hundreds of letters of complaint. Clearly the public thought that the Council and its managers were a bunch of non caring incompetents. Allen (1981) speaks of "a sense of unfairness felt by captive riders as services become dearer and less convenient, through no fault of their own." In this situation customers tend to leave the system as soon as they can purchase their own transport.

Cityxpress changed this attitude. It produced great community support which was evidenced by positive letters and great pressure being exerted by Aldermen to have a Cityxpress route through their Ward. Cityxpress has turned around the image and status of all bus users in Brisbane. It is a professional package and is so regarded by Brisbane's citizens. Its implementation, and the successful staging of the bus portion of the 1982 Commonwealth Games transport, completely changed the public's attitude to Council's bus service. Even today the public attitude is still largely favourable.

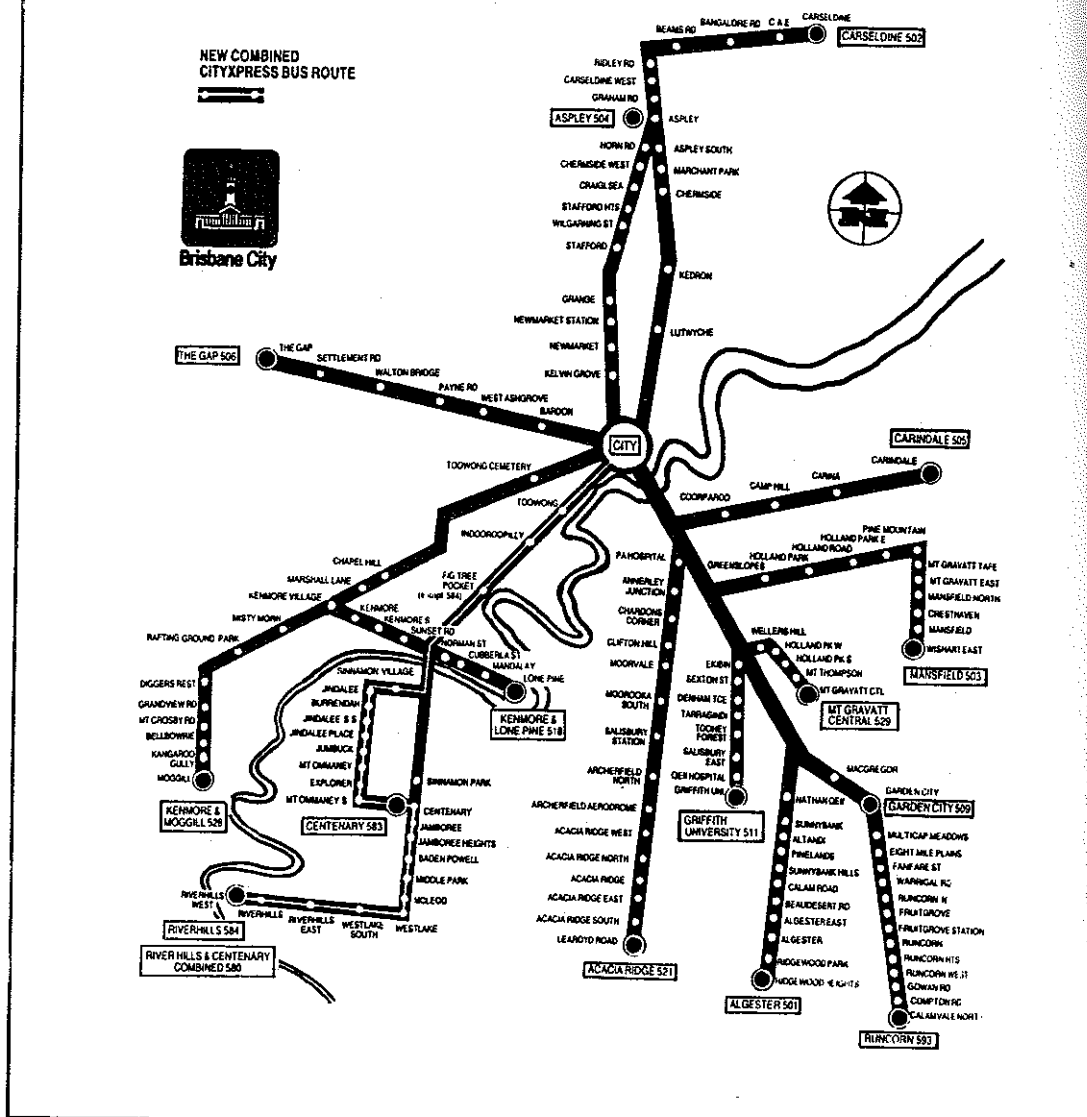
An unexpected benefit was the change in attitude of bus drivers. They were at the front line of complaints handling when the interchanges were implemented and the rationalisations were conducted. Now they had a hand in a product that was well regarded and which they could join in promoting. Employee morale soared.

In the long term it is fair to say that Cityxpress changed the culture of Brisbane's public bus operator. Gone are the days when staff thought that the only method of cutting the deficit was to further rationalise routes that had already been rationalised or increase fares yet again - all the while hoping that not so many passengers would leave that the deficit remained at the same level.

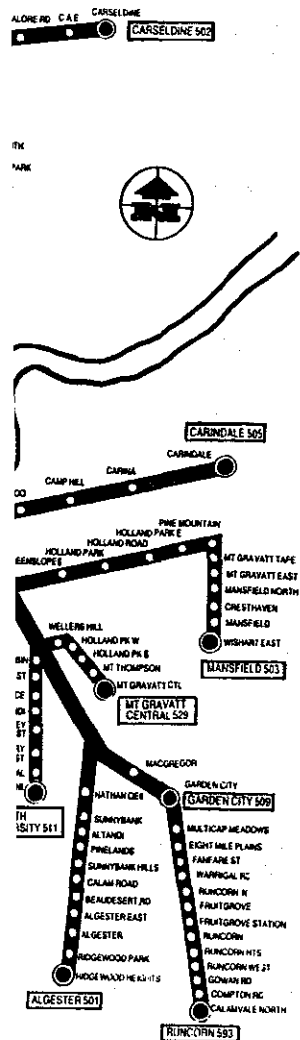
The initial fears surrounding the trial of the first Cityxpress have gone. The planners, operators and politicians have learned to respect their analysis and to trust their market instincts. The planners regard themselves as developing and promoting a retail product which just happens to be suburban bus travel. They have learned that the effectiveness side of the ledger can be as fruitful as the efficiency side in cutting the deficit, providing that innovations follow sound marketing principles.

Figure One

CITYXPRESS BUS ROUTES SHOWING STOPS



ROUTES



Great Circle Line

In the 1981/82 Christmas holidays a trial circumferential service was implemented using resources normally devoted to school buses. Patronage, while not dramatic, grew. Surveys indicated that to be successful the route would have to be permanent, up-market and operate in peak periods.

Unlike Cityxpress, Great Circle Line was not an Australian first. Adelaide was already operating a significant portion of a circumferential bus route. But would Brisbane's lower urban density support a high quality circumferential route?

It is now a two way, half hourly bus service taking three hours to circle Brisbane. Productivity is high as the route was designed to pass two Depots.

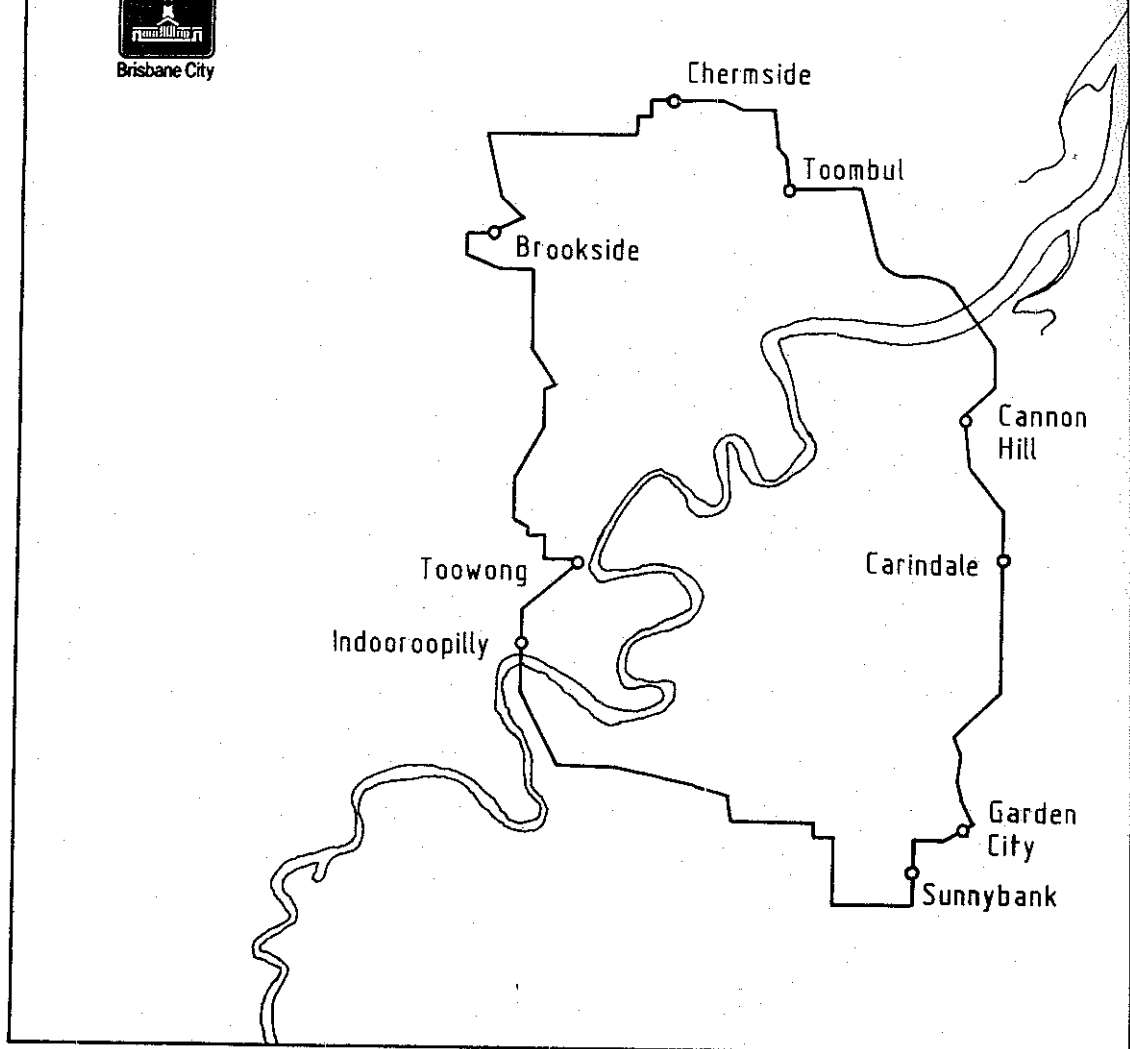
The importance of Great Circle Line was that it reinforced the effectiveness lessons of Cityxpress. Public transport has a great advantages for trips to the CBD compared with suburban trips. In the CBD parking is constrained and expensive and there are sufficient people making the trip that a high level of bus service can be provided economically. Here was a route that was developed using the same market oriented, passenger information features of Cityxpress in an environment where private car use was not constrained. It still attracted passengers.

Figure Two

GREAT CIRCLE LINE



Brisbane City



Citylimited

In early 1986 Council was receiving frequent complaints from passengers about the number of bus stops on the Citybus (all stops) routes. It was also in the process of purchasing fifteen airconditioned articulated buses which had been used at the Tsukuba Expo in Japan.

A concept called Citylimited was developed as a half way version between Cityxpress and Citybus. The concept was to eliminate about every second bus stop on a major bus route, reduce the off-peak frequency from twelve to a "clockface" fifteen minutes, and use the airconditioned buses as a marketing reward. Bus stop information was to be supplied at every stop.

Implementation was poorly organised. There was a serious delay in choosing the bus stops to be eliminated so that the promotional thrust was ruined and became virtually non-existent. Only some passengers were able to be advised by Friday afternoon by which time bus stop changes had already commenced. Because the Aldermen had not been informed of the background to, and advantages of the concept, they were in no position to market the change to irate constituents who found on Monday morning that their normal bus stop had disappeared and the timetable changed so that they missed their bus. By Monday afternoon commitments had been given to reinsert some stops and over the ensuing months most were reinstated.

Citylimited has now ceased to exist. Was the concept wrong or did it never have a chance? The lesson about proper promotion to all clients of the bus service was well learned.

City Precincts Express

Over the last decade, a high proportion of Brisbane's up-market office development had occurred in the eastern sector or precinct of the CBD. This area was a considerable walking distance from the Citybus and Cityxpress routes. To the south of the CBD lay what was developing as the State Government, Parliamentary and QIP precinct. To the north west was Spring Hill, located along a ridge. Both were more than a comfortable walking distance away from bus services, see Figure Three.

None of these areas had a significant retail base nor a sufficient market to support a Cityxpress route.

The solution developed was City Precincts Express (with yet another logo). City Precincts Express is a peak only, peak direction Cityxpress style service using the same buses, stopping at the same suburban stops and operating on the same half hourly concept. It differs in having only five bus trips operating (inbound in the morning and outbound in the evening) and in stopping at four stops in the CBD to serve four different precincts. The stops, shown in Figure Three, are Parliament, Stock Exchange, Cathedral Square and The Ridge.

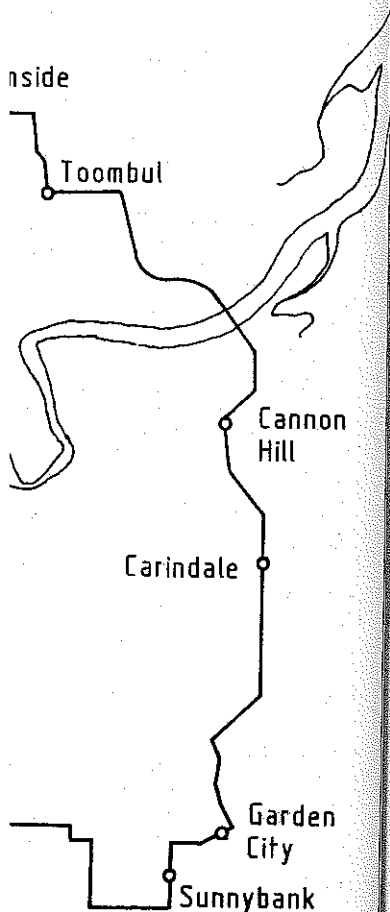
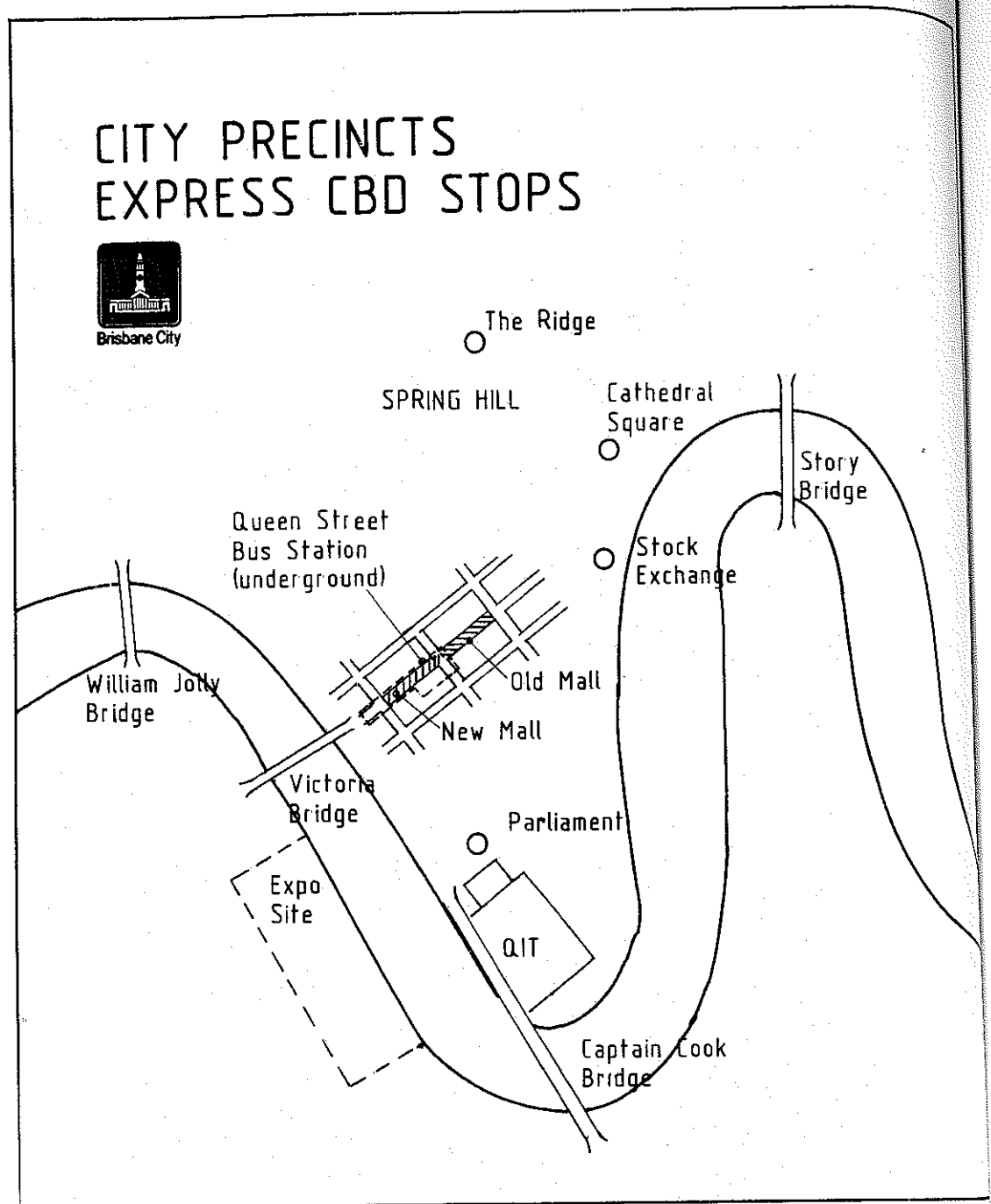


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The concept was thought of in early May, 1987, approved mid month and the first route commenced on 7 September. By the end of 1987 three more routes were being operated. It is the first of this type of bus service in Australia.

As well as the traditional brochures, newspaper advertisements, route hardware information, etc, City Precinct Express routes were direct marketed by Council's promotion and planning staff on the streets of Brisbane outside the buildings where the stops would be located. When was the last time you heard of a case where public sector staff were so confident of their product that they direct marketed it on the streets of their city?

Some of the routes on City Precinct Express have been successful enough that articulated buses are required on some trips.

City Circle

Doesn't every Australian capital city have an inner city distributor bus route? Aren't they all free? Didn't Adelaide start the trend more than a decade ago?

Brisbane has never been able to justify the cost of a free inner city bus route. Besides didn't Brisbane's one way streets make it impractical?

We knew we were wrong when four law firms in the Riverside Centre (currently Brisbane's most prestigious building) combined to operate their own minibus service through the City to travel to the law courts on the far side of the CBD. And that was after we had told them Council did not think there was a sufficient market for such a service!

City Circle replaces that private bus service. It operates at a higher frequency - every ten minutes - and over a longer period every weekday.

The innovative aspects are that the service was custom designed for and promoted to a specific market niche. The route was negotiated with the law firms, special yearly and half yearly tickets were developed to encourage easy purchase and use and a former promotions employee was contracted to direct sell to the administration managers of firms located on the route. Forty office managers were able to be interviewed. They were presented with a brochure with ticket hard sell information on one side and the timetable on the back so it could be displayed on the office information board.

To provide a reasonable level of cost recovery it was decided that fares would be charged and that all over bus advertising and advertising on the route information at the CBD bus stops would be sold as a package at a premium price.

Individually none of these aspects may be new, but they were all incorporated as part of the package development.

The route is not performing as well as hoped but exhibits steady growth.

ANOTHER BUS SERVICE?

The Queen Street Bus Station

The world's largest underground diesel bus station opened on 28 March, 1988, see Figure Four. It lies beneath five levels of shopping and half of the Queen Street mall. It is so central that seventy percent of all CBD shopping is within one block of the Bus Station. It seems to be very popular with passengers and is helping to maintain and rejuvenate the Central City retail precinct.

Nine of the seventeen bus bays are beneath the new Queen Street mall extension, with the other eight being beneath the Myers Centre. Passengers walk directly from the bus into airconditioned waiting areas served by escalators or elevators, or find they are in the middle of Brisbane's most modern shopping centre.

The buses operate in a ventilated road network where the air is turned over every 110 seconds. The passenger waiting area is separated from the bus roads by walls, mainly of clear material, to allow it to be airconditioned. This also aids noise reduction. The ventilation, noise, vibration and lighting systems in the Bus Station are so good that many shoppers are surprised to find that buses operate just a metre away.

Being caught in a summer storm while waiting for a bus is a thing of the past for those routes using the Bus Station. If passengers find by checking the overhead TV monitors they have just missed a bus, they can go next door to shop, have a drink or just a browse around. Passengers seem to enjoy this convenience.

The portion of the Bus Station under Queen Street was constructed for \$25.3 million while the part under the Myers Centre is being leased for many decades at nominal rent.

The benefits of the Bus Station can hardly be exaggerated. While the seventeen bus stops provided have not replaced the twenty three lost with the extension of the Queen Street mall, it has allowed the remaining routes to have more bus stops than would otherwise be the case.

The two way bus street under the Queen Street mall also provides enormous flexibility in the future for expansion. One of the great problems of central city environments is providing access to redevelopment sites by means of ramps which do not impede pedestrians. The ramps effect is a significant and growing loss in kerbside availability for other uses such as taxis, loading zones and bus stops. The Queen Street Bus Station helps redress this serious loss.

Pedestrians have benefited because the footpath space on the surface streets is not being used by the same number of waiting bus passengers. As more citizens use the Bus Station and extra revenue is generated, the bus deficit is reduced.

The Queen Street Bus Station is a truly innovative, integrated and unique solution to the problem of maintaining central city transport services when the community is demanding a pedestrian mall extension.

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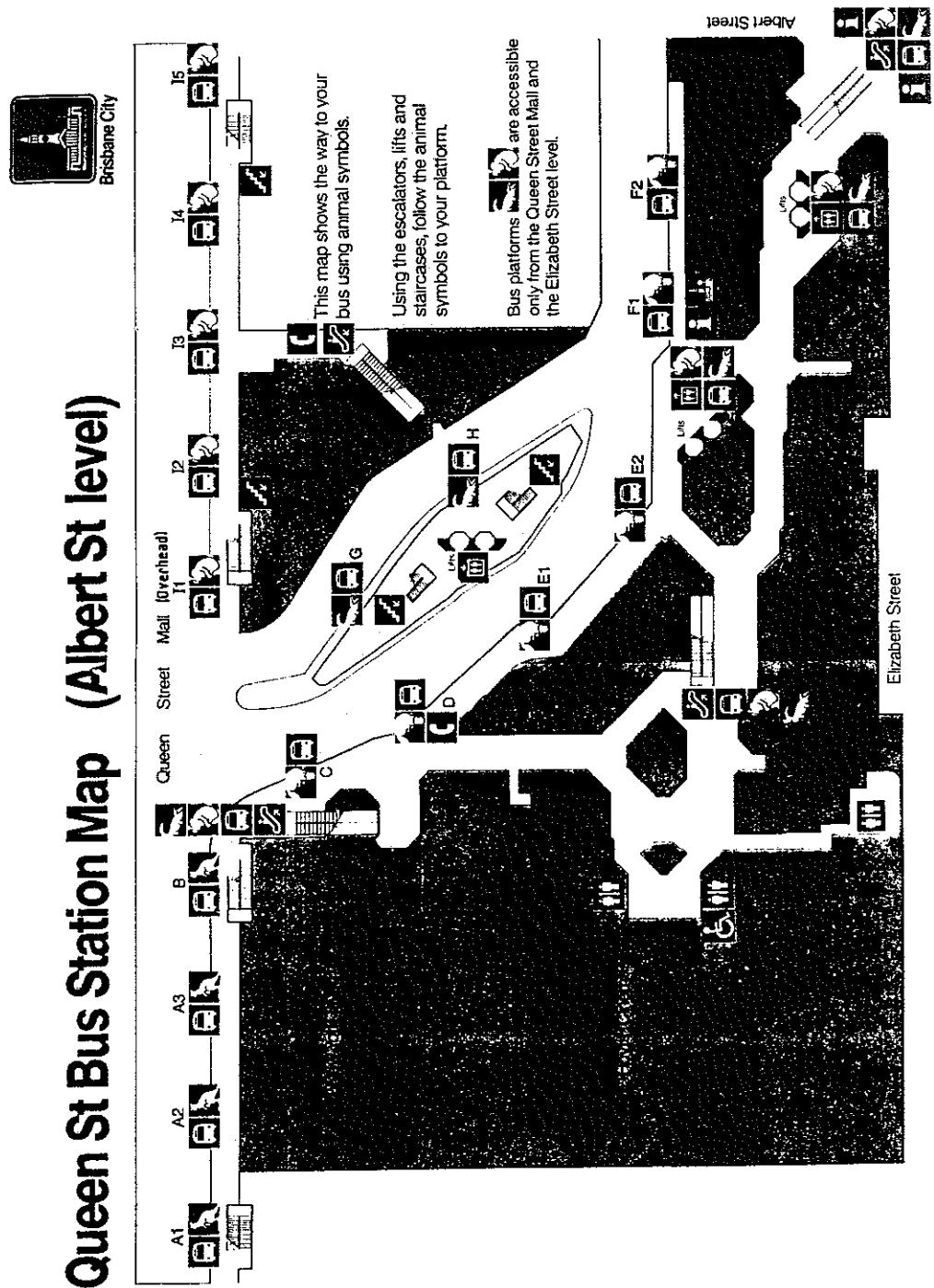
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Research

Brisbane City Council's bus operators have a good record in conducting and reporting research at the local and national levels. Perhaps this is to be expected given the innovations discussed earlier. Papers have been presented at six of the last eight Australian Transport Research Forums. This far exceeds that of any other public transport operator in Australia.

The innovations described earlier have been supported by various surveys. Among the more valuable is an Attitude and Opinion survey of 1 000 households that Brisbane City Council has conducted for the last three years. This has given valuable feedback on the new types of services being introduced and the perceived attractiveness of many issues. One of these surveys for example showed that Brisbane people would consider interchanging if the second trip saved at least fifteen minutes of time compared with staying on the first bus.

Summary

The preceding pages demonstrate that there has been a consistent history of innovation in Brisbane's bus system over the last six years. Many of these changes have been the first of their type in Australia. Not all changes have been successful. However the successes have led to a cultural change in the organisation. The dynamics for producing these changes have been linked with the financial environment, particularly the effectiveness incentives, in which Brisbane's bus system operates.

Before concluding that it is the farebox linked, effective incentives which have produced the innovations, it is necessary to examine some of the other performance areas to assess whether a similar order of change, unrelated to the effectiveness indicators, is occurring.

OPERATIONAL CHANGES

The above is used as a generic heading in the absence of something better. It is not meant to indicate any operational area, but concerns the aggregate of personnel, procedural, systems and management functions within the organisation.

Industrial Awards

Comparison of the awards of Australia's public bus operators is interesting. They are remarkably similar. Each organisation has some area where particular benefits appear to accrue; but in substance it would seem that they are characterised far more by their sameness, than by any evidence of innovation.

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The rate of change of awards in Brisbane is also low. There are many instances of small changes which seem to be more related to changes in the operating environment (such as articulated buses) rather than changes initiated by financial pressure. However the rate of change appears to be increasing, especially as a result of the second tier wage increase. Given the similarity among awards Brisbane must be about average.

Facilities, Equipment and Buses

The quality of Brisbane's facilities and equipment appear to be below the average of the Australian operators. This is probably due to the lack of access to Bicentennial and earlier Federal funding which has more to do with Brisbane being a local authority than to any relationship with its management.

Brisbane's buses are now rapidly being upgraded, but for many years it had the oldest fleet in Australia - with the possible exception of Tasmania.

Brisbane certainly lags behind in the procurement of high expense technology such as Automatic Vehicle Monitoring, electronic ticketing, guided busways and airconditioning of its fleet. Because of its innovation in other areas, this is far more likely to be the product of lack of funds or more conservative financial management than lack of innovation.

Bus Priority Lanes

Brisbane has a reasonable network of bus priority lanes. However these have not shown consistent expansion in the last six years. With some isolated but significant exceptions, they seem to be more of an offshoot from road changes rather than a product of a strategic approach.

High Technology

One area that shows evidence of consistent innovation is the use of high technology. The Engineering Branch has procured, changed, developed and installed large scale engineering software which has led to significant efficiencies, better decisions and large savings. Computerisation of many scheduling tasks has also been accomplished and large savings can also be demonstrated (Dudgeon, 1987). It would seem that Brisbane is certainly above the Australian average in this area.

Organisational, Personnel and Procedural Change

Brisbane's bus operation has a management structure and personnel and procedural systems that are very similar to those of a decade ago. Changes which have occurred seem very related to changes in all of the Council.

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Recently there has been evidence of significant management changes with increased delegations to field staff in the Operations Branch. Drivers have received increased training in public relations and a program of senior managers visiting the Depots and discussing various topics has been instituted. Field staff have also been included in workshops to establish Goals and Objectives for the bus system.

The author is not competent to assess Brisbane's comparative situation in these areas.

Co-operation with Other Organisations

Brisbane City Council's bus operation has adopted a strategy of improving its relations with other organisations in recent years and the evidence shows that this has been successfully achieved. When other organisations as diverse as Main Roads Department, private developers and private bus operators make enquires to ascertain whether proposed changes will impact on Council's bus system, or seek to incorporate desirable outcomes in their programs, a reasonable level of co-operation exists.

Brisbane would seem to at least average in this area.

INNOVATIONS IN THE FERRY SYSTEM

It was noted earlier that Brisbane City Council's ferry system did not receive a farebox subsidy. If the subsidy did not impact on the decision making process, it would be reasonable to expect that the management which produced so many innovations in the bus service would be making similar improvements to the ferry system.

In fact there were no changes in the ferry system's operation between 1979 and 1987. In 1987 a Strategic Review of the Ferry System was completed. This has led to significant changes in operation for four of the seven cross river ferries.

Why did this review take so long? It was certainly partly because staff were busy making changes to the far larger bus system, partly because the ferries were being operated under contract and partly because there were virtually no complaints being received about the ferry service (many of the ferries had declining patronage and were arguably overserviced). But I believe it may also be due, at least in part, because the same revenue/subsidy/effectiveness incentives did not exist in the ferry system as in the bus system.

What is interesting is Council's move to put its private contractor on a similar incentive system to the one the State Government introduced, viz the farebox receipts subsidy for Council's buses. When the ferry contract expired in 1984 the tender documents were changed to incorporate a revenue incentive system for the successful tenderer. This rewarded the successful contractor if any of his suggestions led to more patronage being generated.

The actions by Council in the management of its ferry system certainly support the notion that the existence or otherwise of the farebox subsidy affected the outcomes of the management process.

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QUALIFICATIONS

The information presented seems to indicate that the provision of a farebox subsidy has affected the outcomes of Brisbane City Council's transport undertaking. It would be presumptuous not to recognise that the personal style and skills of management make a real impact on setting and achieving organisational Goals and Objectives. An organisation is also affected by its previous and current environment, culture and history. It is difficult to take these factors into account and assign influences to various aspects leading to the innovations.

What is unequivocal is that the approval process for change in Council's bus operation explicitly includes estimates of the extra resources (buses, drivers time and distance travelled) and costs these, and also includes estimates of patronage, average fares, revenue receipts, subsidy receipts and net change in deficit.

So although the organisation's culture or expectations may lead to certain options being chosen for consideration, the impact of the efficiency and effectiveness aspects of the change is always explicitly considered. From the outset of any change process the planners are always aware that before any alteration can be approved it must be able to be justified on social or financial grounds. There is no doubt that the farebox subsidy has been instrumental in gaining approval for many of the innovations in Brisbane.

CONCLUSIONS

This paper has shown that, unlike other Australian capital city public transport operators, Brisbane's bus system operates on a financial basis that increases the rewards for changes that improve effectiveness. It also demonstrates that the farebox subsidy has led to outcomes on the service or effectiveness side that are consistently innovative and often are the first of their type in Australia.

Similar changes in the ferry system which does not have the same effectiveness incentives were noticeably delayed.

On the efficiency side, the same management team is not producing the same level of innovations or changes, although in the area of high technology great progress is being made.

It seems reasonable to conclude that the change in the operating environment which the implementation of the farebox subsidy represented has had a real, lasting and significant impact on Brisbane City Council's bus operation. The extent of the impact has not been quantified.

ANOTHER BUS SERVICE?

The issue this paper sought to examine was whether privatisation or deregulation or other similar major policy changes were necessary to encourage the achievement of objectives which Government seems to be requiring. Certainly they are valuable policy tools in reviewing whole industries.

This paper shows that a plausible alternative for achieving the same goals is to set appropriate financial incentives for management to pursue.

In the heat of the debate for and against deregulation, privatisation, etc. let us not forget the fundamental planning approach of identifying and evaluating all the options. This holds true for the policy arena.

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