25th Australasian Transport Research Forum
Incorporating the BTRE Transport Policy Colloquium
Canberra 2-4 October 2002

Public transport privatisation in Melbourne: 'teething problems' or something more serious?

Paul Mees
University of Melbourne

Abstract

A critical issue in Australian policy debates over urban congestion, air pollution and greenhouse emissions is the extent to which public transport trips can replace car trips. The privatisation in 1999 of public transport in Melbourne was initially hailed as a way of achieving mode shift while reducing the cost to the public purse, and a model for other cities to follow. The new private operators promised dramatic increases in patronage and equally dramatic reductions in public subsidy levels.

In February 2002, it was announced that the operators had renegotiated their franchises with the Victorian government. Patronage projections were revised downwards, while subsidy levels went up. Further revisions have been foreshadowed. Commentators have disagreed on whether this showed that privatisation had been a flawed policy, or was merely experiencing 'teething problems'.

This paper examines the privatisation of public transport in Melbourne. It considers the contracts signed by the private operators, the financial and patronage projections embodied in those contracts, and the actual results. It seeks to explain the divergence between the projections and the reality and thereby assess the effectiveness of the Melbourne privatisation policy in meeting fiscal and environmental objectives.

Contact author
Paul Mees
Lecturer, Urban Planning Program
Faculty of Architecture, Building & Planning
University of Melbourne
Parkville Vic 3010
Ph: 03 8344 8731, Fax: 03 8344 5532
email: pmees@unimelb.edu.au

Introduction

A critical issue in policy debates over Australia's primary transport challenges is the ability of urban public transport to contribute to improved environmental and equity outcomes, and the role of competition and regulation policy to enhance that contribution. The dominant view among commentators with an economic bent supports the twin propositions that public transport's likely contribution is relatively modest, and that increased competition and private sector involvement is the key to improved performance. This view was expressed most prominently by the Productivity/Industry Commission in its report on Urban Transport (IC 1994); a more recent example is provided by the Bureau of Transport & Regional Economics report *Greenhouse Policy Options for Transport* (BTRE 2002, pp. 16-26). The contrary view can be found in my book *A Very Public Solution* (Mees 2000).

Unfortunately, much of the 'debate' about the role of public transport, and the merits of competition, tends to be conducted without the benefit of analysis, either of competing arguments, or of evidence. The BTCE report provides a striking illustration. It cites a series of arguments against public transport, mainly sourced from anti-transit ideologues, most notably the US consultant Wendell Cox (Cox is cited eight times on pages 17-18 alone), but does not even report the views of commentators with a different perspective, let alone analyse them.[1]

The critical test of the validity of claims about competition and privatisation in urban public transport is whether they are supported by the results of real-world experience. This is the reason why public transport policy in Melbourne is of such interest. Melbourne has taken the 'market' further in public transport than any other in Australia, and most overseas counterparts. While Adelaide and Perth have introduced competitive tendering for bus services, this has followed the 'sub-contracting' model, in which overall planning remains the responsibility of the government. By contrast, since August 1999 Melbourne's rail and tram services have been fully privatised, with planning and marketing the responsibility of the private operators.

The Melbourne privatisation promised the best of all possible worlds: improved services, increased patronage and reduced government subsidies. As a result, the city has been hailed as a model by advocates of privatisation: delegations from other Australian and overseas cities have visited regularly seeking to learn from Melbourne's experience.

The visiting delegations have dropped off somewhat since February 2002, when the Victorian government announced that it would pay the three private rail and

[1] I am cited on page 25, but in a way that implies that I am a supporter of deregulation: the conclusion of *A Very Public Solution* was precisely the reverse.

tram firms $105 million as part of a 'bailout', following a threat by the operators to pull out of providing public transport in the State. Further contract revisions leading to additional subsidy increases were foreshadowed. In April, the operators announced that they plan to use some of the additional public funding to revert to a common livery and brand-name, as was the case under government ownership, and indicated that they may even revive the 'Met' brand-name employed by the former Public Transport Corporation.

What has gone wrong with the privatisation of public transport in Melbourne? Do the difficulties reveal failure, or are they simply 'teething problems' in a process that will eventually produce a sound outcome? To date, most media commentary has been from pro-privatisation sources, who have argued the latter case. "Contractual problems are inevitable in something this complex", wrote David Greig (one of the consultants who worked on the Victorian privatisation) in *The Australian* on 28th February 2002. "But if the recent difficulties are considered in the context of what happened before, it seems that some critics have not seriously thought about what the alternative (of continuing government ownership and operation) would really have meant." The paper's economics editor, another well-known privatisation advocate, chimed in to similar effect. Alan Moran of the Institute of Public Affairs, has expanded on Greig's point, arguing that despite the setbacks, privatisation has still produced "three years solid performance" characterised by large savings in operating subsidies, and improvements in punctuality and reliability (Moran, 2002).

The purpose of this paper is to attempt an evaluation of the results to date of the Melbourne privatisation process, with a view to establishing whether it represents an improvement over continued government operation. Although the process is only three years into contracts with a life of 12-15 years, it is anticipated that it should be possible to at least draw broad conclusions about the direction of change and the likelihood of reaching the outcomes predicted by the former Victorian government at the time of privatisation.

Background to privatisation in Melbourne

Rail and tram services in Victoria were operated by government agencies for many decades, while most bus services were provided by private firms (with government subsidy). Over the 1980s, the government agencies were amalgamated to form the Public Transport Corporation (PTC), which in Melbourne traded as 'The Met'. In 1993, the newly-elected Kennett government commenced the Public Transport Reform Program, designed to improve the efficiency of the PTC. Over the next five years, the PTC's workforce and cash operating subsidy were more than halved, as a result of rationalisation of workshops and crewing, along with extensive outsourcing (Auditor-General 1998).

The Reform Program also saw the privatisation of Melbourne's publicly-operated bus services. The Victorian government and numerous other commentators claimed that, in addition to cost savings, bus privatisation had led to improved services which in turn produced increased patronage. In an earlier paper, I concluded that the claims were false, with patronage, in particular, having declined (Mees 1999). Interestingly, when I presented these conclusions at the 1999 ATRF, a consultant in the audience stated that her firm had also prepared a report for the Victorian government which concluded that bus patronage declined post-privatisation, but had been instructed to delete the relevant section from the final report.

Rail and tram services remained in government hands, and the Kennett government went to the 1996 election promising to corporatise, but not privatise, them. However, in March 1997, PTC employees took industrial action that led to cessation of services to the Australian Formula One Grand Prix, and the Victorian Government announced that, in response, the PTC would be privatised. The necessary legislation was enacted late in 1997, and on 1 July 1998, the PTC was split into five separate corporations: one for country services, two for Melbourne trains and two for trams (each covering roughly half the network). Expressions of interest were invited in October 1998, five successful bidders were selected in June 1999 and the five operating franchises took effect on August 29, 1999.

Three franchises (V/Line country services, Bayside Trains and Swanston Trams) were awarded to the UK transport operator National Express. The Yarra Trams franchise went to a consortium led by French bus and tram operator Transdev, while another French firm, Vivendi/Connex, won the Hillside Trains franchise. An Office of the Director of Public Transport was established in conjunction with the franchises. The Director was the party that entered the contracts with the operators on behalf of the State, and was also responsible for overseeing compliance by the operators with the franchise conditions.

Initially, little information was made available to the public about the precise terms of the franchises, which were said to be 'commerical-in-confidence.' But following the election of the Bracks government in late 1999, an Audit Review of Government Contracts was established to consider the Kennett-era privatisations, including that of public transport. The Review recommended that most parts of the franchise agreements be made available to the public, and in addition its report (Audit Review 2000) contains much useful information about the details of the process.

The Audit Review report listed the objectives the Victorian government had offered for the franchising of train and tram services[2] as follows:

- to secure a progressive improvement in the quality of services...

- to secure a substantial and sustained increase in the number of passengers...

- to minimise the long-term costs of public transport to the taxpayer;

- to transfer risk to the private sector; and

- to ensure that the highest standards of safety were maintained...

(Audit Review, 2000, p. 146).

The Review's conclusion was that the contracts set in place were likely to achieve the desired objectives. Costs to taxpayers would decline over the life of the contracts, producing a saving compared with public operation estimated at $1.8 billion over the life of the franchises. These savings would be achieved mainly as a result of spectacular increases in patronage, ranging from 40 per cent for Swanston Trams, to 84 per cent for Bayside Trains. The patronage increases would be reinforced by an innovative subsidy regime, which provided for phasing out of 'fixed subsidies' over the life of the contracts in favour of 'incentive-based' payments, granted in return for patronage increases. And all this would be accompanied by a substantial programme of investment in new and upgraded rolling stock and infrastructure.

A single note of caution was sounded:

> [I]t needs to be kept in mind that financial savings, new investment and patronage growth on which train and tram franchise contracts are based are yet to be delivered (Audit Review 2000, p. 150).

The remaining section of this paper considers whether the outcomes are likely to be achieved, and the reasons why. It concludes that early experience already indicates that the patronage growth targets will not be achieved or even approached, and that as a result, the promised financial savings are also in jeopardy.

---

[2] The objectives, like much else in the Audit Review report, come from an unpublished report prepared by the Department of Treasury and Finance in April 2000. Unfortunately, I have not been able to obtain a copy of this document.

Increased patronage

Public transport patronage in Melbourne declined continuously from the end of World War II to the early 1980s. Following the introduction of multi-modal ticketing in 1981, the trend was halted and reversed. Industrial problems associated with a 1989-90 industrial dispute over the removal of tram conductors, followed by substantial fares rises and then, in the early years of the Kennett government, service cuts and further fare rises, saw patronage dip. By 1994, patronage had begun to recover, and for the remainder of the decade increased at around 2 per cent annually, a figure roughly in line with Melbourne's population growth (Auditor-General 1998, p. 109).

Privatisation aimed to improve on this rate of increase, with each franchise agreement based on the assumption of much larger increases. Each franchise agreement contains details of projected increases in real fare revenue, which can be used to estimate the rates at which patronage was expected to increase from year to year over the life of the contract. For example, the figures for Bayside Trains indicate that real fare revenue was expected to increase from $101 million in the financial year ending on 30 June 2000 (the first year of operation) to $214 million in 2014. The 112 per cent increase in fare revenue is greater than the 84 per cent increase in patronage because it is expected that, over time, trips will lengthen due to metropolitan growth, increasing revenue per trip[3], and because most new passengers are expected to be 'choice' customers paying full fares rather than 'captives' on concession tickets. But the bulk of this growth is projected to occur within the first five years of private operation (Table 1).

Patronage was expected to jump dramatically immediately after privatisation, with the rate of increase settling back to roughly the same levels as had occurred under public ownership by the sixth or seventh year. A similar pattern can be found in the other three metropolitan franchise agreements (see Appendix). The assumption appears to be that the superior service provision and marketing capacity of private firms would produce results almost immediately.

One consequence of this pattern is that it should be possible to gauge progress even on the basis of figures for the first three years. Data from Victorian budget papers shows that Melbourne train patronage has been increasing at around 2 per cent per annum, and tram patronage at around 1 per cent, since privatisation. Estimates for 2002/03 are based on the assumption of a 1 per cent increase for each mode (Victorian Budget Estimates 2002-03, Statement 2, p. 128, note (c)). Given the high rate of economic and employment growth in Melbourne over this period, it appears that privatisation has had no effect at all on patronage.

---

[3] Under Melbourne's zone-based fare system, the cost of travel is roughly proportional to distance.

Table 1 Projected revenue growth, Bayside Trains

Financial year	Revenue ($m)	Increase over previous year (%)
2000	101	n/a
2001	116	15.5
2002	132	13.6
2003	146	10.4
2004	158	9.5
2005	166	5.6
2006	173	3.7
2007	177	2.8
2008	183	3.0
2009	188	2.7
2010	193	2.7
2011	198	2.7
2012	203	2.6
2013	208	2.6
2014	214	2.5

Source: Bayside Trains Franchise Agreement, Schedule 14, pp. 295-6.

Although press reports tended to blame the financial problems of the private operators on Melbourne's failed ticketing system (itself the result of another Kennett-era privatisation), the GST, power price rises and an inability to cut labour costs (e.g. *The Age*, 29/2/02, p. 1), the figures in the franchise agreement make it clear that these are not the principal problems. Rather, the difficulty stems from the failure to achieve the ambitious patronage targets. On current trends, the Melbourne operators' total revenue will be less than $300 million (1999 dollars) by 2004, at least $100 million short of projections (cf. table 6, Appendix), and this revenue gap will widen even if patronage increases in years after 2004 match the franchise agreement projections.

In addition to the direct revenue loss, the failure to meet patronage targets means the operators are not eligible to claim their patronage growth payments. This is confirmed in the latest edition (March 2002) of *Track Record*, released by the Director of Public Transport, which confirms that none of the operators has as yet become eligible for any funding under the patronage incentive payment scheme.

The failure to meet patronage targets was explicitly recognised in the interim financial rescue package of February 2000, in two ways. Firstly, the Victorian government provided the operators with "a one-off payment of $27 million tied to future agreement with the operators on business recovery proposals" (Media

Release, Minister for Transport, 26/2/2002). It has subsequently been reported that this funding will be used to develop a marketing strategy designed to increase patronage, including the reinstatement of common branding and possible revival of 'The Met'.

Secondly, and more significantly, the government has also agreed to a yet-to-be-announced revision of the patronage incentive payment scheme, which was said to be "unworkable and needs to be replaced with a system that recognises that the operators are achieving patronage growth" (Minister's Media Release). In other words, the scheme in the franchise agreements, which required the private operators to improve on the rate of patronage growth achieved by the PTC to be eligible for bonus payments, will be replaced by one that rewards them for not performing any better than the PTC did.

But not even this will save the private operators' finances, because unless the Victorian government actually increases overall subsidy levels beyond those anticipated in the pre-privatisation projections, the operators will still be collectively out of pocket to the tune of some $2 billion through failure to meet fare revenue projections. Before turning to the financial consequences of this situation for government, it is necessary to consider why the operators have failed to improve patronage performance.

Improved services

Privatisation was heralded as leading to improved services, though the introduction of new and refurbished rolling stock, improved punctuality and reliability, increased service levels and innovative service and marketing policies.

The first change passengers noticed was the rapid loss of the modest degree of system integration that had existed under the PTC. Each operator redesigned vehicles, timetables and stops in its own livery, and began to treat the other operators as rivals – a pattern that would be familiar to observers of the post-privatisation scene in the UK. For example, for many months timetables for train services operated by Hillside trains could not be obtained from Flagstaff, Melbourne Central or Parliament Stations, which are operated by Bayside Trains – even though the Hillside services called at those stations. Even the operators eventually conceded that this did not constitute an improvement in services by announcing, in April 2002, their intention to reinstate common 'branding' and a common livery for vehicles and infrastructure (*Sunday Age*, 7/4/02, p. 1). The extent to which the new measures amounted to a reversion to the situation that had applied under the PTC was underscored by the suggestion that the operators might even revive the PTC's brand-name, 'The Met.'

The principal aspects of service quality that have been reported on since privatisation are cancellations and on-time running. The media has widely reported that these have improved since privatisation. It is true that there have been modest improvements since the first set of figures, covering the 3rd quarter of 1999, were released, but these figures do not represent the true pre-privatisation situation. The reason for this is that reliability levels had deteriorated in the lead-up to privatisation, due to operational problems associated with the splitting of the rail and tram networks to form four separate entities. These problems were particularly serious in the case of the rail system. So an accurate comparison would be with the situation, and the trend, before the commencement of privatisation.

The Auditor-General of Victoria noted in 1998 that the Public Transport Reform Program had produced a considerable improvement in the PTC's punctuality and reliability, and that the situation was expected to continue to improve (Auditor-General 1998, Part 5). Comparisons are complicated by the fact that some of the definitions used have altered (see note to table 2), but it appears that the situation deteriorated in the lead-up to privatisation due to the disruptive effects of preparation for privatisation. Although punctuality and reliability have improved since 1999, they are no better than was the case in 1997, as can be seen most clearly in the figures for cancellations, the definition of which has not changed. Given that the situation was improving under the PTC, it appears that privatisation has produced no improvement, and possibly a deterioration.

Table 2 Cancellations and late-running

Year	1996/7	1998/9	2001/2
Trains cancelled (%)	0.5	1.0	0.5
Trams cancelled (%)	0.2	1.1	0.4
Trains late (%)	5.2	6.1	3.3
Trams late (%)	14.0	31.5	29.2

Note: Definition of late train relaxed from 5 to 6 mins between 1997 and 1999; definition of late tram was changed from time of departure at origin to time of arrival at destination, thus making it less generous to operators.
Sources: Auditor-General (1998), p. 45; *Track Record* (various eds), cited in Moran (2002).

Some improvement in service levels was also promised as part of the franchise agreements, notably in the case of Yarra Trams, which undertook to upgrade daytime weekday service frequencies on all its routes to 10 minutes. Five of

Yarra's ten routes already complied with this under PTC management; the remaining three ran every 12 minutes and have since been upgraded to 10 (7.5 in one case). In addition, the franchise agreements provided for two modest network extensions: a two-kilometre extension of tram route 109 to Box Hill and a seven km extension of the St Albans rail line to Sydenham. These were all genuine improvements, but were comparable to similar service and network expansion that had already taken place, and which would presumably have continued, under PTC control.

What was widely anticipated, although not explicitly provided for in the franchise agreements, was that the requirement to increase fare revenue would lead the operators to introduce innovative service, fare and marketing strategies. To date, there has been little evidence of successful innovation. A number of changes were introduced (e.g. 'shopper express' services on Hillside trains; single-mode yearly tickets by both rail operators), and withdrawn after a short time.

The major lasting new product has been Yarra Trams' 'park-and-ride' scheme, whereby motorists parking at three city-edge car parks receive free tram travel as part of the cost of their parking. Some patrons of this service are likely to have formerly driven their cars all the way to the city centre, but given that the park-and-ride stations are on the edge of the CBD, the overall reduction in pollution and traffic congestion is likely to be minimal. Another effect of this program is likely to be a transfer of passengers who currently use public transport to travel all the way to the city, providing a classic instance of 'wasteful competition' that is likely to worsen environmental outcomes. Presumably for this very reason, National Express, who operate both Bayside Trains and Swanston Trams, have not introduced a similar scheme.

The private operators were required under their franchise agreements to refurbish their rolling stock, but this was a regular occurrence under public ownership. Perhaps more significantly, they also agreed to lease around $1 billion worth of new rolling stock (the vehicles, and the remaining lease payments, are to revert to the State on expiry of the franchises). It is quite likely that the arrival of the new rolling stock has been accelerated as a result of privatisation (because of the reluctance of governments to invest in this area), but I have argued elsewhere that there is very little evidence to support the proposition that new vehicles per se constitute a significant improvement from the passenger point of view (Mees 2000). The Melbourne private operators appear to agree, because their revenue projections assume that the most rapid increase in patronage will occur in the early years of the franchises, i.e. before the new rolling stock arrives (table 1; Appendix).

The failure to better the PTC's performance in service provision and innovation is the principal reason why the private operators have failed to meet their patronage and revenue targets. It is clear from the revenue projections that an immediate,

dramatic improvement in standards was expected to flow from privatisation; it is equally clear that this has not occurred and shows no sign of happening.

Minimising risk to the taxpayer

The financial problems of the operators appear to be serious, but it does follow that they should necessarily flow through to taxpayers. Indeed, the Audit Review of Government Contracts concluded that:

> For trains and trams, substantially all the commercial risks associated with the provision of passenger rail/tram services were transferred to the franchisees. Except in limited circumstances, franchisees have assumed revenue, operating, ownership and legal risks (Audit Review 2000, p. 154).

This assessment appears to have been correct as a matter of law, but ignored the political realities of the situation, and the opportunity it presents for 'rent-seeking'. To date, the operators have shown a remarkable ability to transfer risk back to the public purse without offering anything in return. The State's re-assumption of revenue risk is discussed below, but the operators have also been successful at transferring risk on the cost side, with the State paying for cost overruns on both the Box Hill tram extension ($5 million of a total cost of $14 million) and the Sydenham rail extension ($17 million out of $42 million). The franchise agreements provided that the operators were to meet the full cost of each of these projects.

A similar situation applies in respect of new State initiatives. On this point, the Audit Review was again sanguine, observing that "governments retain the flexibility to establish new priorities and programs without unreasonably disadvantaging incumbent operators (pp. 159-60)." But as with other risks the actual outcome has been quite different. The Bracks government came to office in 1999 promising a number of public transport initiatives, including line extensions. Most of these have been placed on the back-burner owing to higher-than-anticipated costs.

The cost blowout appears to be a direct result of 'rent-seeking' by the private operators. For example, the electrification in 1995 of the 13 kilometre line from Dandenong to Pakenham, with two new stations, cost $27 million under the PTC (Auditor-General 1998, p. 99). But electrification for the 9 km from Broadmeadows to Craigieburn, also with two stations, is projected to cost $98 million (from 2002 State budget papers), plus an annual operating subsidy of $7 million (the budget papers do not make it clear how many years this subsidy will last).

Minimising costs

The ability of the operators to shift risk back to the government is eroding the cost savings promised at the time of privatisation. But these savings were grossly exaggerated in any event, because they were calculated by comparing payments to the private operators over the life of the franchises with the PTC's 1998-99 capital and operating appropriation of $452 million. This is misleading for three main reasons:

1. The PTC's operating subsidy had been decreasing due to the Reform Program and the reduction was expected to continue even without privatisation (Auditor-General 1998, part 8).

2. The subsidy for 1998-99 was inflated by costs associated with the privatisation process, especially the division into separate operating entities (Audit Review, pp. 143-4).

3. The analysis omitted the costs of privatisation itself, estimated at $120 million in addition to costs incurred by the PTC (Audit Review, p. 143), as well as the on-going costs to government, mainly related to the Office of the Director of Public Transport (not publicly available, but likely to be in the vicinity of $5-10 million per annum).

The actual value of cost savings is thus more likely to be around $1 billion, and as indicated above, this figure is almost entirely a result of projections of substantial revenue increases following privatisation. But on current trends, the combined revenue shortfall from all the operators may actually exceed this figure. So if the State government is to keep the operators afloat, it will have to provide at least as much from the public purse as would have been the case under continued public ownership.

Why is privatisation failing?

The simple answer to this question is that the principal assumption underlying privatisation – that superior private management would rapidly bring about a substantial rise in patronage and revenue – has been proven wrong, even after only three years. Urban public transport may well be a natural monopoly (as argued in Mees 2000), even though most of the relevant literature takes the opposite view (e.g. Berechman 1993).

Recognising their inability to become profitable through increasing the market, the Melbourne private operators are behaving just as public choice theory (cf. Self 1993) would predict – by engaging in rent-seeking to make up the shortfall in revenue from various forms of government assistance.

References

Audit Review of Government Contracts (2000): Auditor-General of Victoria (1998) *Public Transport Reforms, Special report No. 57* Melbourne: Government Printer.

Berechman, J (1993) *Public Transit Economics and Deregulation Policy* Amsterdam: Elsevier.

BTRE (Bureau of Transport & Regional Economics) (2002) *Greenhouse Policy Options for Transport, Report 105* Canberra: BTCE.

IC (Industry Commission) (1994) *Urban Transport, Report No. 37* Canberra: AGPS.

Mees, P (2000) *A Very Public Solution: Transport in the Dispersed City* Melbourne: Melbourne University Press.

Mees, P (1999) New and Different or the Same Old Policy? Assessing Bus Privatisation in Melbourne, pp. 947-958 of *Papers of the ATRF 23 (2)* Perth: ATRF.

Moran, A (2002) 'Kennett's transport plan a quiet achiever', *Australian Financial Review*, 30/8/2002.

Self. P (1993) *Government by the Market? The Politics of Public Choice* London: Macmillan.

Appendix

Table 3 Projected revenue growth, Hillside Trains

Financial year	Revenue ($m)	Increase over previous year (%)
2000	84	n/a
2001	97	15.8
2002	104	7.5
2003	110	5.7
2004	116	5.6
2005	122	4.6
2006	125	2.5
2007	128	2.5
2008	131	2.4
2009	134	2.1
2010	137	2.1
2011	139	2.1
2012	142	1.6
2013	144	1.6
2014	146	1.4

Source: Hillside Trains Franchise Agreement, Schedule 14, p. 247.

Table 4 Projected revenue growth, Swanston Trams

Financial year	Revenue ($m)	Increase over previous year (%)
2000	48	n/a
2001	52	9.4
2002	58	11.1
2003	64	9.3
2004	66	3.4
2005	68	2.9
2006	70	2.6
2007	71	2.4
2008	73	2.1
2009	74	1.7
2010	75	1.6
2011	76	1.6
2012	77	1.3

Source: Swanston Trams Franchise Agreement, Schedule 14, p. 365.

Table 5 Projected revenue growth, Yarra Trams

Financial year	Revenue ($m)	Increase over previous year (%)
2000	40	n/a
2001	48	17.9
2002	54	13.1
2003	58	7.1
2004	61	5.5
2005	64	5.0
2006	66	2.8
2007	67	2.3
2008	69	2.4
2009	71	2.4
2010	72	2.4
2011	74	2.4
2012	76	3.0

Source: Yarra Trams Franchise Agreement, Schedule 14, p. 295.

Table 6 Projected revenue growth, all Melbourne operators

Financial year	Revenue ($m)	Increase over previous year (%)
2000	273	n/a
2001	313	14.9
2002	349	11.2
2003	377	8.3
2004	401	6.2
2005	420	4.8
2006	433	3.0
2007	444	2.6
2008	455	2.6
2009	466	2.3
2010	477	2.3
2011	488	2.3
2012	498	2.2

Source: tables 1-4.