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MELBOURNE'S PUBLIC TRANSPORT HAS IMPROVED SINCE PRIVATISATION ACCORDING TO THINK TANK REPORT

Melbourne's public transport services have improved since privatisation in 1999, according to a report released today by free market think tank, the Institute of Public Affairs.

Key findings of the report *Victoria's Public Transport – Assessing The Results of Privatisation* include:

- Patronage has risen strongly between 1999 and 2006 – 37.6% on trains and 25.5% on trams.
- Train and tram reliability and punctuality have improved – although the performance of trams has been better than that of trains.
- New services have been introduced, resulting in an 11.4% increase in the overall number of kilometres in Melbourne served by trains and trams.
- Industrial disputes in public transport have declined – commuters no longer experience the huge inconvenience caused by stoppages that historically plagued Melbourne's public transport; and
- 65 new trains and 95 new trams have been introduced into the system.

'There's no doubt that privatisation has resulted in better services,' said the author of the report, IPA Research Fellow, Richard Allsop.

From 1992 to 1999 Richard Allsop was Senior Adviser and Chief of Staff to Transport Ministers in the Kennett Government.

'It would be a disaster for Melbournians if the government took over the running of public transport. The way to further improve services is for the state government to introduce more competition.'

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On the financial side, the report finds that claims by critics of the privatisation that taxpayer subsidies have doubled are incorrect. The subsidy levels are, in reality, very similar to those that were in place in the late 1990s after the reforms of the Kennett Government had halved what had been the subsidy in the early 1990s.

'It is true that the financial projections of the bidders in 1999 have not been delivered, but the crucial point is that, just because the cost reductions projected by the bidders have not been achieved, it does not mean the service is costing more to operate than it did prior to privatisation.'

The report calls on the State Government to spell out as soon as possible what its plans are for the period after the current franchises expire in November, 2008.

The report recommends that the existing contracts be extended for three years to allow time for the implementation of the New Ticketing System and for the performance of the incumbents to be tested in a more stable environment than has existed in the public transport system in recent years.

Tendering should be undertaken in 2010-11 to allow new contracts to be in place by 30 November, 2011. Tenders should be for the original four metropolitan franchises however, unlike in 1999, bidders should be allowed to bid for the two parts of either train and tram, and be awarded the contract for the whole of the train or tram network, if the bidding process demonstrates that it is the most efficient model.

'Further improvements in public transport will only come from increasing market forces in the system and, with the franchise model, this means ensuring regular competition between operators for access to the subsidies that government provides', Mr Allsop said.

For further information and comment:

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The IPA Backgrounder, Victoria's Public Transport: Assessing the results of privatisation is available at www.ipa.org.au.