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Developments in public transport governance in the Netherlands; more recent developments

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ABSTRACT

Like in the 2013 version of this paper, it revisits the developments in the governance of public transport in the Netherlands, focussing on bus, tram, metro, and regional train concessions. Most of the concessions are competitively tendered, since the introduction for a legal obligation to tender in 2001. Dutch public transport authorities have since chosen different concession setups and forms of contract remuneration. This variety has become larger, as the three major cities were allowed in 2012 to choose not to tender out their concessions. This paper again explores that variety and describes recent changes at the national and regional levels from 2013 onwards and looks at the developments that were first coming up in 2012. The paper describes key trends and lessons from the Dutch experience based on a nine-year project drawing lessons on competitive tendering with authorities, operators and consultants, and based on interviews with representative of 13 of the 14 public transport authorities. Key trends are dealing with a limited market, austerity measures.

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1. Introduction

The context for this longitudinal analysis of the developments in public transport governance has been described in detail in Veeneman and Van de Velde 2014. In the past decades, the Netherlands has been an experimental lab for competitive tendering as governance model for public transport services. In this relatively small country (17 million inhabitants), national legislation imposed competitive tendering while leaving a high degree of freedom in governance to the 19 public transport authorities. In the larger cities, the obligation to tender was first postponed and eventually cancelled, leading to a country with a high variety of governance forms with, however, relatively strict tendering procedure rules preventing the usage of negotiations.

This variety has been described over the years in Thredbo conferences. This article presents the latest developments and lessons from the Dutch tendering experience. It highlights the changes that occurred on a national level and the lessons that regional authorities drew in the last few years. The developments will also be put in a broader international perspective.

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2. Approach taken

Over the last seven years the authors have been running a project called “Beter Bestek”, commissioned by the national platform for regional authorities. This project was originally aimed at improving the quality of requests for proposal (RfPs). In time, the project developed into a platform for consultants, operators, and transport authorities to collectively define issues, evaluate problems and share lessons. For this project, every year a broad selection of transport authorities is interviewed to see which key issues they want to see addressed and two topics are chosen. Workshops are organized on these topics for the various participants (authorities, operators, and consultants) to share problem perceptions and lessons. This “Beter Bestek” project constitutes the first basis for this paper, in particular for paragraph 4 below.

In addition, 22 persons were interviewed at 16 of the 19 public transport authorities. The key question was: *what did you do differently in your last competitive tendering compared to the previous one?* Interviews of up to 90 min were conducted with the authorities to discover what lessons they had drawn, and what changes they had made. After they came up with their own issues, interviewees were asked to consider a wider list of possible issues to see whether changes were made on these additional topics as well.

The answers were coded and aggregated and the key changes are presented in Section 5.

The combination of these two sources provides a perspective on both the individual lessons with competitive tendering approaches in various regions and the collective lessons on tendering and its more general challenges. Section 3 provides some context by briefly introducing the history of competitive tendering in the Netherlands, this is based on a literature study. Section 4 provides those national developments that triggered changes in the contract, as stated by the interviewees.

3. Context, history and results of competitive tendering in the Netherlands

The Netherlands is a country in northwestern Europe of around 40 thousand square kilometres, the equivalent of 17 percent of the United Kingdom, with around 17 million inhabitants, the equivalent of 37 percent of the UK. On average, 5690 km are driven by car per person per annum (5615 in the UK) and 2462 km (2922 in the UK) travelled as a passenger in a car. On average, 351 km are by bus, tram and metro (541 in the UK), and 890 km by train (983 in the UK). In the densely populated and flat country, cycling is widely used, with on average 900 km per person per annum travelled as compared to 67 km in the UK. Obviously, cycling is competing heavily with public transport on shorter distances (all data CBS, 2013; UK NTS, 2013; Wikipedia, 2013).

The development of competitive tendering in the Netherlands has been described in detail (Eerdmans, van Kooij, van de Velde, & Westerink, 2010; Veeneman, Van de Velde, & Lutje Schipholt, 2007; van de Velde & Pruijboom, 2005; van de Velde, Hilferink, & Lutje Schipholt, 2005; van de Velde, Veeneman, & Lutje Schipholt, 2008; van de Velde, Eerdmans, & Westerink, 2010). The new passenger transport law came in effect on January 1st 2001 and forced the newly appointed 19 public transport authorities to organise passenger transport service provision in area concessions with a maximum length of six years, and to tender out these concessions.

Despite the decentralization, the national government remained the main collector of taxes. Under the law, they funded the new regional authorities from a general mobility fund for their role in tendering public transport, this included funding various other mobility related policy themes.

The national government had two goals (Tweede Kamer der Staten-Generaal, 1999): increased cost recovery and increased patronage. The four largest cities (Amsterdam, Rotterdam, The Hague and Utrecht) were allowed a longer path to implement competitive tendering. Consumer organizations were given a formal consultative role in the development of requests for proposal and during the concession period. In addition, the rights of operator staff, both drivers and support staff, were secured by making a hand-over of staff from the incumbent operators compulsory. The right of the operator to subcontract was secured. And in addition, a national ticketing system was also secured in that law.

Since 2001, the law and the legal framework related to it changed. The maximum length for bus concessions was first brought to eight years, later ten. Also, rail concessions were brought under the legal framework. And eventually, after a rather haphazard process, the obligation to competitively tender was lifted for the four largest cities, but only after three of the four had started the tender process for their bus services, one of the three also including the rail services.

The initial effects of the new law were positive on one side (Appelman, Hendriks, Kort, van der Mark, & Snel, 2004). The supply of public transport services grew rapidly (see Fig. 1). The costs per bus-hour were reduced substantially, estimations running from 7

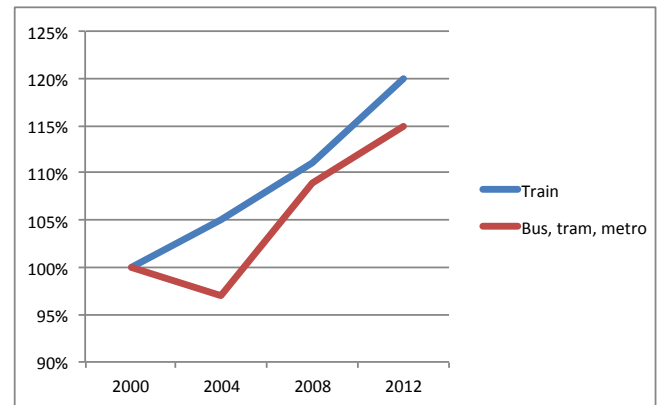


Fig. 1. Development of supply of public transport (in vehicle kilometres) from 2000 to 2012 relative to 2000.

Source: KpVV; NEA.

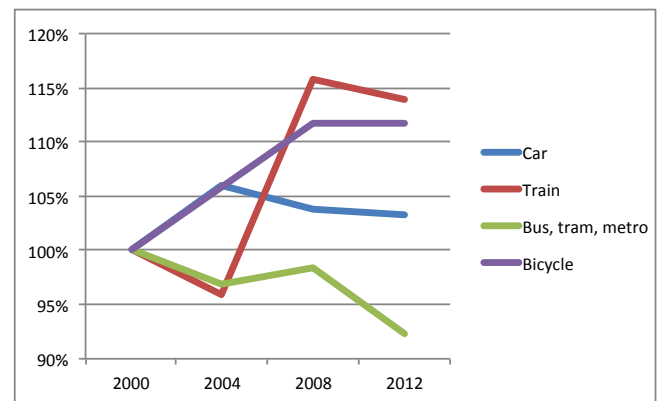


Fig. 2. Development of use of various transport modes (in traveller kilometres) from 2000 to 2012 relative to 2000.

Source: NS Reizigers; KpVV/NEA; KpVV/WROOV.

up to 20 percent of cost savings in the first four years and a further 20 percent from 2005 to 2010 (Engelsman, Groenendijk, & Timmermans, 2010). Also, non-tendered concessions benefited, as authorities were able to use the ability to tender as leverage to negotiate lower prices (van de Velde et al., 2008).

On the other hand, customer satisfaction went up marginally (van Buiren, Gerritsen, van Leussink, & van der Voort, 2012), and overall patronage in bus, tram and metro actually went down, in both tendered and non-tendered concessions (see Fig. 2), whereas mobility in general went up. It has to be noted that data here is not unambiguous, with the national institute for transport policy (KIM, 2012) showing two different trends, stable and reduced patronage, from different data sources. Also, Engelsman et al. (2010) conclude that for the large cities, patronage is growing, although not enough to counter the general decline they also perceive.

Public transport authorities actually spend more until 2010 (Koopmans, van Buiren, & Hof, 2013) and the traveller was also paying more, which could have affected patronage.¹ Obviously, with growing supply and dropping demand, occupancy rates went

¹ The price of the Strippenkaart (old national public transport ticket) grew 50 percent more than inflation between 2002 and 2010, for the OV-Chipkaart (new national public transport ticket) the base rate grew double the inflation between 2011 and 2013, while the regional kilometre rate varied from 9 percent to 40 percent increase. Inflation was around 5 percent over that period.

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