

# TRANSPORT

# ECONOMIST

SPRING 87



**THE TRANSPORT ECONOMIST**

**MAGAZINE OF THE TRANSPORT ECONOMISTS GROUP**

**VOLUME 14 NUMBER 3**

**EDITOR: Stuart Cole, Polytechnic of North London**

<b>Contents</b>	<b>Page</b>
<b>ARTICLES</b>	
26 October 1986: Aftermath of a Transport Act (Ernest Godward)	1
The Future of Public Transport in Britain's Conurbations - a time for speculation (Mervyn Jones)	8
<b>RECENT MEETINGS</b>	
Long Term Demand Elasticities Richard Mackenzie (November 1986)	16
<b>BOOK REVIEWS</b>	
Fiscal Studies (August 1986)	18

Public Transport: its planning, management & operation (Peter White)	21
<b>LETTERS TO THE EDITOR</b>	
Tranport Policy in Ireland (Harry McGeehan)	23
<b>TEG NEWS</b>	
Chairman's Report for 1986	24
Treasurer & Membership Secretary's Report for 1986	26
Income and Expenditure Account for 1986	27
Balance Sheet	28
Forthcoming Meetings	29
Committee 1986/87	30
Copy Dates	31
<b>ADVERTISEMENTS</b>	32

ARTICLES

26th OCTOBER 1986: AFTERMATH OF A TRANSPORT ACT

by Ernest Godward

It has been just over one month as this appraisal of the effects of the Transport Act 1985 is written. The situations examined are from observations and use of public transport within the West Midlands.

As with all changes that are large the first few days were chaotic to say the least. Although the total number of bus miles operated did not change significantly, the geographical distribution of the bus miles did. The two main shopping streets of Birmingham - the main centre of the West Midland conurbation - were heavily congested by the larger number of buses routed through these streets. Many buses which had formerly terminated on the edge of the central business district now traversed a loop through this area or crossed it by the linking of once radial routes. Added to the congestion many stops were changed which further added to the confusion of passengers.

Outside of Birmingham, the citizens of Coventry had the major part of their services off the road. Staff working for West Midlands Travel Limited decided to strike due to the imposition of new running schedules. In other areas there were demonstrations by residents objecting to new routings of buses or losses of part of bus routes which occurred in certain areas.

It soon became apparent from vociferous letters in the local newspapers that all was not well on the travelcard front. Pressure from West Midlands Travel Limited, the former bus operation of West Midlands Passenger Transport Executive on the ongoing PTE to only

have an own operator card was West Midland Travel's (WMT) opening ploy. After a lot of arguing and a degree of political input WMT agreed to have a WMT bus/WMPTE rail card.

The PTE then set out to formulate similar arrangements with other operators and to sort out the situation on the use of cards which had been bought before the 26th October. Agreement was reached with most operators to honour cards issued before the 26th until the card expired. The only exception was Midland Red West Limited who said they would only honour them until 15th November 1986, three weeks after D Day by which time most cards would have expired. The most popular card was the four weekly card. Midland Red West Ltd. in addition introduced their own Wandacard travelcard which retails for £17.50 for four weeks. This compares with the £19.50 bus only four week card of WMT and £24.50 for the WMT/WMPTE Bus/Rail card.

Midland Red West Ltd. operate about 70 services compared to 340 or so operated by WMT. After January I think that Midland Red West might make further inroads into the operational area of WMT.

Going back to Travelcard, Midland Red North Ltd. were unhappy about the agreement reached between West Midlands Passenger Transport Executive and West Midlands Travel Ltd. and they have complained to the Office of Fair Trading under the restriction of competition clauses contained within the Act. The local politicians on the Passenger Transport Authority have been unhappy about certain aspects of this too and have called for reports on the matter. This is in order to be able to respond to disgruntled constituents who have been affected by the situation.

Passengers have not fared well. On some routes services have become very unreliable. The reason appears to be too little running time allowed for certain parts of routes. This leads to bunching and late running when vehicles are affected by congestion.

On the three routes which serve the area in which I live two are particularly prone to this. One day last week I saw three buses bunched together. The first one carrying as many passengers as possible; the others running fairly empty. An intersuburban service passing my house, on the other hand, is very reliable and a recent rerouting has attracted some new clientele. The service runs from 7 am to about 7 pm Monday to Saturday only. The main road service had its frequency increased from four buses per hour to five buses per hour during the main part of the operating day. Severe congestion in Birmingham has caused problems such as those mentioned above.

The other general impression is that there are more breakdowns occurring. On Thursday 27th November I was witness to three broken down buses. Two were late evening buses causing considerable disruption to people returning home. This may be due to the increased speeds at which vehicles are running or it may be due to other factors.

It would appear that the major effects appear to have occurred to passengers. In a wide variety of bus queues the topic inevitably turns to the problems of a particular bus or bus route. Despite considerable press, radio and television advertising many passengers are not fully aware of the changes that have been imposed upon them. Many of the companies involved in the changes set up telephone "hotlines" to help to quell the fears of public transport users. At times these facilities were running at full stretch and many continued after D Day.

Printing companies also did well as many timetables were reprinted. Locally West Midlands Travel Ltd. reprinted the whole of their timetables in leaflet form and special dispensers were placed on buses. In addition the ongoing Passenger Transport Executive produced leaflets covering routes which had to be put out to tender. The major problem was that these initiatives have not

been followed through. No longer do the buses carry their timetables. The local travel centre only has copies of timetables relating to services somewhat on the fringe of the local area. When asked when more might be available for services running out of the bus station, the travel clerk could only give a resigned shrug.

Other marketing initiatives have included the introduction by West Midlands Travel Ltd. of a series of Limited Stop routes which considerably reduce point to point timings. On average end to end journeys are some 20-30% faster than the conventional all stops services. These services have been introduced along certain heavily trafficked corridors. Some of them follow the line of rail routes. None however come close to rail in terms of timings. These routes may offer an alternative to rail and it will be interesting to see what the PTE in conjunction with BR can do about these initiatives. It would appear that the network of rail routes is being revamped under the name "Midline" like Network South East.

I rather suspect that rail will not fare well in this initial melee. Rail in the West Midlands has been limited in investment in comparison to other metropolitan areas. New rolling stock of any description is not due until 1989/90 at the earliest. Rail had performed exceedingly well up until 1985/86 when it recorded the highest ever patronage figures which were over 27 million. The changes in the price of travelcard has had a very significant impact on patronage. From observations that I have made I would suggest that patronage will fall by around 5-7% for 1986/87 mainly as a result of travelcard price changes.

In September 1986 the Cross City expresses were introduced on the Cross City line between Lichfield and Redditch. These trains serve destinations outside the PTE's area, but are within the Midline area. The second major initiative will come on stream next autumn when the Moor Street - Snow Hill link is inaugurated. This is now well on the way to completion and will provide new stations

at both Moor Street and Snow Hill, and will link to retail and office developments. Patronage on the Leamington and Moor Street has not grown recently - hovering between 4.3 million and 4.8 million passenger journeys per year. These developments should, all other factors being equal, boost patronage.

Two other initiatives remain as plans. The first of these is the electrification of the Cross City line. This is still in the planning stage and has yet to be submitted to the Department of Transport. The second is the extension of the rail link from Birmingham Snow Hill to Smethwick West to link with the existing Stourbridge line. This project is tied to the political machinations associated with Light Rapid Transit for the West Midlands and is a veritable can of worms, which I do not care to open in this article.

To summarise I believe there are questions which must for the moment remain unanswered, e.g. are the passengers better or worse off as a result of these changes? Will the pace of change, yet to come, drive passengers away from public transport? And what are the true quantifiable results of the change? Looking back at a previous article on the matter by myself I noted then that in the White Paper leading up to the Act that passengers were only once mentioned. In reality in the initial period passengers have been paid scant attention. Passengers have been subjected to delays caused by congestion, increases in fares, unreliability of services, and breakdowns. In the West Midlands bus operators have tried to keep passengers informed and have succeeded to a degree. Unfortunately the initiatives taken have not been sustained. Some new marketing of services has taken place but it remains to be seen whether the new routes will merely cream off passengers from the rail system. Rail appears to be fighting back and new services and routes have been introduced or will be in the near future. What will happen in January when the real free for all starts? Indications seem to be that Midlands Red West Ltd. will take on

West Midlands Travel Ltd. in some sort of "services" battle. Maybe other companies will do so as well but not in a significant way.

Postscript, 17 December 1986

A further three weeks have passed since I wrote the above. In that time some problems have been solved. What is clear is that the travelling public are still not happy with the situation. In the West Midlands both the administrative organisations and operators are being inundated with letters of complaint. Prior to last week when over 300 letters of complaint were received, complaints from the public were running at over 600 per week. According to one spokesman recently "no letters of praise or congratulation had been received since deregulation".

The cause of complaint appears to be mainly concerned with timetables and routes which buses follow. The main complaints about timetables would appear to relate to unreliability and irregularity of operation. Prior to deregulation West Midlands Passenger Transport Executive bus services operated very reliably and regularly. When passengers went to the bus stop they were about 98% sure that the bus would turn up and 90% sure that it would turn up at the time stated. In the deregulated world of commercial services the figures are nowhere near those quoted above. To give an example, yesterday I waited for nearly 50 minutes for a bus on a 12 minutes service and then 3 buses turned up. The explanation given was that one bus had broken down and the other three had been seriously affected by traffic congestion.

In contrast the tendered services operated for the PTE appear to be very reliable and regular. If services are late or do not run the contracts with the PTE allow penalty clauses to become operative. This factor appears to have concentrated the minds of operators acutely. It is a pity that some of the discipline shown in this area could not be brought to bear on the commercial

services. This is fully within the power of operators but so far they have taken the view that things will be sorted out in due course. In due course may be too late. Already I detect a marked fall in patronage on some routes.

I previously said very little about minibuses (sorry, minibuzz - the English language is further corrupted by advertising agencies). Minibuses were introduced in a number of fringe areas, e.g. Stourbridge, Cradley Heath, Solihull and Sutton Coldfield. I have in the course of visiting friends travelled on three of the above. I would say that the Stourbridge and Cradley Heath routes have settled in well. The staff are trying to build good links with the travelling public and they seem to run reliably. In Solihull I would say there was still room for improvement. There have been a lot of letters in the press about the situation in Sutton Coldfield where the introduction was not well received. Passengers here object to having to change where once they had through routes to Birmingham City Centre. It is understood that other operators apart from West Midlands Travel Ltd. will be introducing minibuses after 26th January.

The visible signs of the new rail image became apparent recently when a single car diesel unit was repainted in the new livery of the "Midline" network. This has recently been changed slightly as the result of political consultation. The unit was considerably refurbished inside and appears in three different shades of blue externally with a red and blue network logo.

THE FUTURE OF PUBLIC TRANSPORT IN BRITAIN'S CONURBATIONS -  
A TIME FOR SPECULATION

by Mervyn Jones

From October 1986 all registered bus services operating in Britain's conurbations are expected to have only one major aim, i.e. to make a profit! This is therefore a convenient point to speculate on the possible scope and effects of deregulation and abolition in the conurbations.

The scope and effects that are posed by deregulation and the causes and questions raised by abolition are critical for public transport in Britain's conurbations. Certainly the scope of the 1985 Transport Act (Deregulation) is wide and involves:

1. Deregulation of local bus services in the metropolitan cities (and elsewhere in Britain).
2. Competitive licenced services to be able to enter the market freely.
3. Competitive tendering for subsidized services.
4. National Bus Company (NBC) to be fragmented and privatised.
5. District and PTE bus undertakings to be distanced from the owning authority by reconstitution as public companies and sold.
6. In London LRT is to involve the private sector in the provision of services for London, therefore they are obliged to tender for certain selected services.
7. Restrictions on the numbers of taxis to be reduced.

The most alarming statistic from the central government's viewpoint was the fact that subsidies for bus services in Britain rose from £300 million in 1974 to around £1,000 million\* in 1984. (The total taxation rebate, for the same year, paid to companies in respect of their company car usage and ownership was actually larger than this amount.) The seven former metropolitan areas

account for around 70 per cent of this total.

The Government believed fervently before they introduced the Act, that bus operations, particularly in urban areas, were inefficient and wasteful in terms of the subsidies that they received from the PTAs. They concluded that the subsidies were usually paid to cover route networks rather than individual routes or services. They further argued that it was therefore difficult to identify exactly where this public money was going. Central Government also believed that bus operations in the urban areas were too large and monopolistic to be efficient. They therefore singled out in particular the PTE bus services and the National Bus Company (a public corporation) to be reduced in size and sold off as private limited companies.

Central Government thinking in respect of what it believes it will achieve, is stated as follows: Competition rather than monopoly should encourage more efficient operation, and will lead to a greater provision and to better services. Competition will result in fares coming down and will allow operators to run fast fares down in many places; to run fast, frequent services, perhaps with smaller vehicles and to try new routes serving areas which do not have a bus service at present; in short operators will be able to provide whatever the customer wants ('Buses - A Guide to the White Paper'). Transport economists in Britain are quite divided between those who support the Government strategy and those who reject it. Hibbs (1983), Beesley (1984) and Glaister (1985) represent major protagonists and argue cogently that:

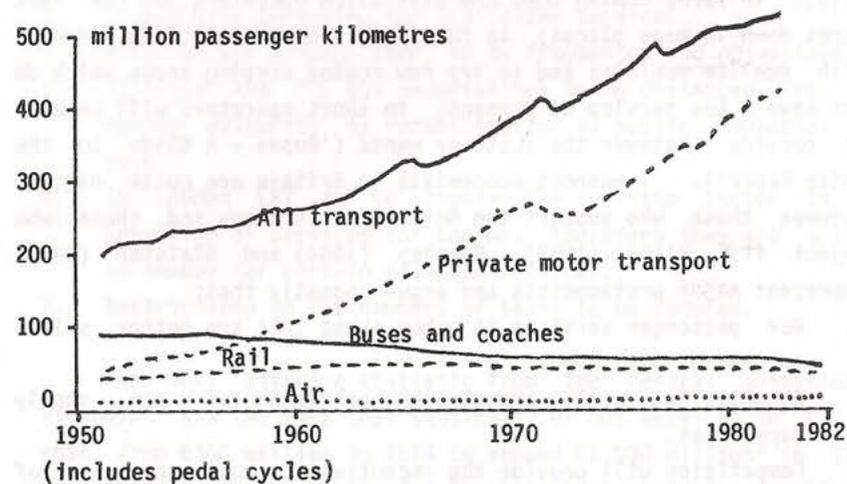
1. New passenger services in urban areas that are better suited to demands will appear.
2. Competition will prompt the provision of new supply capacities.
3. Competition will provide the incentives to cost reductions of services.
4. There will be improvements in resource allocation.

Those who are against deregulation include G. William (1985), Savage (1984), Cole (1984) and Jones (1986) who argue:

1. The urban transport market is not perfect and subject to externalities, and subsidies are required (as is the case in the rest of Europe).
2. There will be a redistribution of welfare rather than real efficiency gains.
3. Competition in urban areas is unnecessary and wasteful.
4. That it is doubtful that deregulation will provide effective competition particularly in the long term.

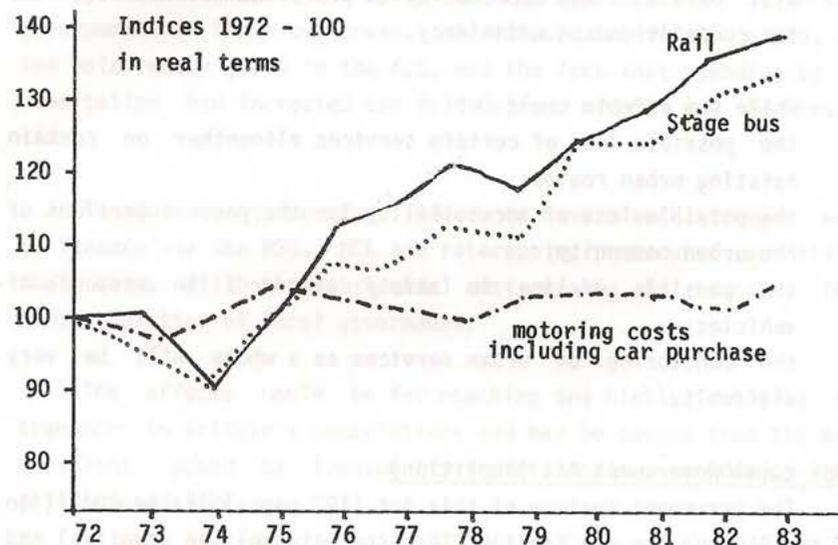
It is a fact however that the number of people using buses in Britain has been falling for over 20 years, around 3 per cent per annum (but from a high base), while the bus fares have risen more rapidly than the cost of living index or private motoring costs (Figures 1 and 2).

Figure 1: Bus decline in Britain relative to increase in other modes, 1950-1982



Source: Department of Transport

Figure 2: Rail and bus costs to the passenger relative to motoring costs, 1972-1983



Source: Department of Transport

Although the present author is in general agreement with the effects that are predicted by the anti deregulation group, the reason is not because the thinking behind deregulation is 'all bad' but rather that adverse effects may arise because this act has been passed in conjunction with the abolition of the metropolitan counties. I would argue that in Britain's conurbations (outside London, where deregulation does not yet apply) it could mean that operators:

1. will have a simple objective, i.e. to make money (and so release them from their non-social engineering role);
2. will possibly end 'status quo' thinking and initiative innovations, for example, mini and midi buses, or even new type coaches altogether;

3. will be able to lower costs of operation, cheaper labour with no or few fixed costs for some operators;
4. will have a unique opportunity to prove the Government's case for competition and efficiency.

While the effects could be:

1. the possible loss of certain services altogether on certain existing urban routes;
2. the possible loss of accessibility for the poorest sections of the urban community;
3. the possible decline in safety standards in respect of vehicles;
4. the monitoring of urban services as a whole will be very difficult.

#### 1985 Local Government Act (abolition)

The paramount feature of this Act (192 pages) is the abolition of the GLC and the six English PTAs (the metropolitan counties) and their replacement by joint boards as policy makers. The members of the joint boards would be nominated by the districts in the conurbations in proportion to their populations. The districts are now also made responsible for producing structure plans, and for the formulation of overall transport policy. The Department of Transport regional controllers will however be entrusted with the task of advising and monitoring these policies.

The districts become the highway and traffic authorities for all except trunk roads, although they do act as agents of the Department of Transport for these. The PTEs remain but are subject to the control and policies of the new 19 joint boards.

Two major causes may be given for this legislation. First, Central Government became fearful that the former metropolitan authorities with their large population and large budgets were making policies which were often completely contrary to those

advocated by the Government. This was especially true of fares policies in the conurbations. There was therefore a fear that the metropolitan authorities would increasingly act as alternate governments in their own areas. A second, but related cause, and the main reason given in the Act, was the fact that spending by the conurbation had increased ten fold between mid 60s and the present time.

The Government therefore intends to have a much stronger hold on finance via the RSG, MEL and ratecapping procedures, and states that there will be substantial cost saving by removing this particular tier of local government.

The effects could be far reaching and highly damaging for transport in Britain's conurbations and may be gauged from the many questions posed by Transport professionals, academics and politicians alike.

1. How can the joint boards hope to have a conurbation-wide perspective?
2. How will the joint boards be able to implement conurbation-type initiatives? For example, travelcards, through ticketing (deregulation will also make the policy and practice more difficult).
3. How can the joint boards hope to co-ordinate the many land use/transport functions for which they will have responsibility such as strategic transport planning, urban traffic control, public transport and monitoring (to mention only a few)?
4. How will the specialisation and expertise (of staff) co-ordination (say among bus operators) and co-operation and liaison (say neighbouring shire counties) which was the hallmark of the PTAs be sustained, if at all, by the joint boards?

5. How will the trust and technical understanding developed by the ex PTA politicians in respect of transport policies proposed by officers, be continued in the conurbation? (Many of the area district representatives do not have such experience.)
6. How great is the danger of the delegates of the new powerful districts, Birmingham, Manchester, Liverpool, etc., becoming both sectorial and political at the expense of their satellite and smaller neighbours within the conurbation, thus reducing the strength of an overall management control which was the feature of the ex PTAs?
7. How is fragmentation of a conurbation (outside London) to be avoided if one or a number of districts decides to 'opt out' of the joint board responsibility, which the Act enables them to do if they wish?
8. How will staff savings be accomplished in the cities new organisations? Will in fact, even more staff be required to deal with unfamiliar situations in the 'conurbation-wide' situation as they arise?
9. How will some parts of city with very low densities be served, if at all, in the future?
10. How will the joint boards respond on a conurbation-wide scale to the imposed subsidy and ratecapping limitations during the period 1986-89?
11. How will joint boards deal with rail services in metropolitan areas, especially as these services will
  - (a) still require subsidies
  - (b) require co-ordination with other services to maximise their usage?
12. How will the joint boards in the provincial metropolitan areas compare with the unique London situation, where the LRT is able to exert some overall strategic control and co-ordination for transport policy? This particular comparison will be worthy of close monitoring.

The answers to these questions will be so influential to the future for Britain's large cities. This uncertainty is made worse when it is realised that in the provincial metropolitan cities, particularly post 1980, the PTA/PTE relationship was producing balanced, mature transport policies. These were beginning to rectify some of the mistakes and consequences of the road orientated policies of the 60s and 70s and also were bringing back passengers to buses.

These organisations were also responsible for important transport infrastructure initiatives. These reflected a revival of LRT systems to provide the backbone of future urban networks in the conurbations. Newcastle is the only British example of this new approach while the rest of Europe (East and West), Canada and Japan, have long accepted the necessity and wisdom of fixed-route policies for congested city areas with high commuting flows. The success of these systems in creating more efficient urban movement patterns, aiding the development process and generally improving environmentally inner-city areas, is well demonstrated in a number of German, French and Canadian cities. Will these possibilities be denied to Britain? What could be the social and economic consequences of not co-ordinating urban transport and simply allowing fragmented public transport networks to develop (as they did pre 1930 in Britain)?

Clearly Britain is 'out of step' with developments in European cities, where some form of city-wide control and co-ordination, together with relatively high subsidies - (generally over 50 per cent compared to around 30 per cent in Britain and likely to decrease) - are given for urban public transport, and tax concessions for the 'company car' concept are almost non-existent. Therefore the rest of Europe, North America and even Japan will be looking with interest at the results of deregulation, abolition and low subsidies in Britain's conurbations over the next few years.

Unfortunately, the present government has an obsession of allowing market forces to determine the supply and demand for transport in cities. They assume that competition will lead to efficiency and cost effectiveness. Only time will provide the outcome but certainly at the present time Transport Policy and Practice is at the crossroads for Britain's metropolitan cities.

### RECENT MEETINGS

#### LONG TERM DEMAND ELASTICITIES

Richard Mackenzie, Transport Studies Unit, Oxford University  
(London, November 1986)

Do the short term demand elasticities, often calculated for public transport fare and service changes, underestimate the long term effects? This was the issue discussed at the November TEG meeting in London.

The speaker - Richard Mackenzie - concentrated mainly on work done by Oxford TSU for West Midlands PTE. Using multiple regression techniques, the following short term elasticities were obtained for adult passengers:

	cash	travelcard	total
fare	-0.43	-0.21	-0.33
bus miles operated	+0.78	+2.03	+1.11

The model also contained variables representing the effects of unemployment, car ownership, a time trend and seasonal dummy variables.

Longer term effects were investigated by:

- introducing an additional fare variable lagged by 1, 2, 3 etc. periods in turn
- imposing a geometric lag structure
- testing polynomial distributed lags. The 36 point data set available from the PTE's passenger monitoring system was not long enough to allow a complete analysis by this technique. It did however tend to confirm the results given by the first method.

The results conformed to the hypothesis that there is a short term drop in patronage after a fare increase as passengers react against it, followed by a recovery period in which previous travel patterns reassert themselves. In the longer term there is a further loss of patronage as travel behaviour adapts. In the case of travelcard holders, this sequence is delayed as existing travelcards are used up to expiry and there is a temporary switch from cash fares by passengers wishing to "beat the increase". It was estimated that the long term fare elasticities (an equivalent calculation for service levels did not prove possible) were:

	cash	travelcard
immediate	-0.40	-0.02
after 2 months	-0.38	-0.22
after 2 years	-0.58	-0.49
after 3 years	-0.60	-0.54
after 4+ years	-0.67	-0.55

Roger Mackett (UCL) commented that a similar pattern of response had been found both from work on long distance commuting in South East England, and from analysis based on LUTS data.

The speaker also discussed Phil Goodwin's work using South Yorkshire panel data from 1981 and 1984. This showed that young people had increased their bus use as had families who owned a

single car in both years. Surprisingly, households which acquired their first car between the two years also used buses slightly more in 1984. Car ownership among lower income groups was less than expected in 1984 but above expectations for higher income families. In discussion, it was suggested that this latter effect might be due to a combination of company car provision and the possibility that car use for the better off was becoming more attractive because the low fares policy led to less general traffic congestion.

Richard Mackenzie concluded that dynamic models were theoretically sounder than static ones and were relevant to important policy issues. However they seemed to raise more questions than they answered.

Report by Simon Temple, Transportation Group, UMIST

## BOOK REVIEWS

### FISCAL STUDIES (August 1986)

Fiscal Studies, the journal of the Institute of Fiscal Studies, published on its behalf by Black Blackwell of Oxford, contained two features on transport interest in its August 1986 issue (Vol.7, no.3). In 'Buy-outs and the privatisation of National Bus?', Corinne Mulley and Mike Wright argue that the present policy of selling entire companies in their existing (or recently created) form, with a preference for management buy-outs, might not be the optimal approach from the viewpoint of encouraging competition. The individual privatised companies could still be large vis a vis traditional independents in their areas, and

encouragement to existing management to create buy-outs could deter other purchases, to whom the management would be less supportive. In order to ensure viability and financial interest, relatively large units have to be offered. While agreeing with the authors that, in theory, smaller units might stimulate 'fairer' competition, it seems most unlikely that even smaller units could attract managerial expertise, or outside interest, within the tight timescale now set by government (about one quarter of the companies have now been sold off, with talk of all companies by the end of 1987). The break-up and demise of NBC as a whole is also leading to a loss of certain central expertise, including vehicle development and economic research.

The same issue also contains 'Stansted: a viable investment?', by David Starkie and David Thompson. Likely demand levels for Stansted, and the capital and operating costs needed to meet it, are evaluated up to the planned 8 mppa target for 1997. The authors suggest that revenue per passenger would need to be increased - although this might be difficult to attain, given the largely non-scheduled, tourist market expected for the airport - and that inclusion of Stansted in the BAA privatisation could reduce the net proceeds, as a result of lowered profitability expectations for the business as a whole. In the short run, the findings seem valid, although given the growth in airport demand in the South East, what is the alternative? Marginal costs of catering for higher demand levels at Heathrow (including those of congestion) might incur greater losses than those at Stansted.

The following issue, Vol.7, No.4 (November 1986) is also of interest to TEG members. In 'Deregulating express coaches: a reassessment' Sue Jaffer and David Thompson look at market contestability theory in relation to the experience of express coach deregulation in Britain, in which the major operators, especially National Express, have remained dominant. They suggest that considerable qualifications must be expressed regarding the

initial success of deregulation, given the subsequent upward shift in real fare levels. New operators find it difficult to enter the scheduled market, and may gain only a small share despite their lower fares. Improved access to terminals is one proposal offered.

Given its title, perhaps the IFS would also like to look at the role of 'company car' tax benefits, and severe tax treatment in Britain of benefits provided by employers in the form of season tickets, vis a vis other countries?

Fiscal Studies is available from Basil Blackwell, 108 Cowley Road, Oxford OX4 1JF, at £23.00 per annum to individuals.

Issues of privatisation are also examined in 'Privatisation - an interpretive essay', by David Hensher of Macquarie University, New South Wales. Issued as an occasional paper by the Centre for Studies in Money, Banking and Finance (North Ryde, New South Wales 2113, Australia, July 1986), it reviews developments in many industrial sectors and countries, although as one might expect, with considerable emphasis on transport examples. Issues of regulation and competition as such, in addition to ownership per se, are examined, stress being placed on the ultimate goal of improving efficiency. Canadian experience, showing the state-owned Air Canada and Canadian National Railways in favourable light vis a vis their private rivals, is cited. Although now slightly outdated by the pace of events within Britain, the essay offers a valuable overall review, and many useful references for further study.

Reviewed by Peter R. White, Senior Lecturer in Public Transport Systems, Polytechnic of Central London

**PUBLIC TRANSPORT: ITS PLANNING, MANAGEMENT AND OPERATION**  
Second Edition

Peter R. White, Hutchinson (£12.95)

Peter White's new book, like his previous 'Planning for Public Transport' will be of use to specialists and general managers in the transport industry. His extensive research and consultancy work has been put to good use in this book which makes reference to work at PCL together with a wide range of other studies.

The book deals with the organisation of the industry and the changes which have taken place in the last few years resulting in a whole new set of market conditions for road passenger transport. The book also considers how the role of public transport has changed and the factors such as car ownership which affect usage.

Mr. White's knowledge of the technical aspects of bus, tram and rail systems must make him the envy of those members who deal only in financial numbers. The book provides a clear description of the mechanical and electrical engineering aspects of the motive power unit and the internal layout of the vehicles. This is coupled with an up to date account of urban railway and rapid transit systems.

As in his previous book, Peter devotes two chapters to costing and pricing in public transport and looks at the changes in management and financing which brought about the present costing systems. There is also a clear definition of the product which, after the nicities of supply and demand have been considered by transport economists, is what the passenger is concerned with when travelling from one activity to another.

The particular 'problems' of rural transport are dealt with as a separate issue and in the way some people include Wales in their

writings, Peter discusses rural public transport in the context of the Grimsby hinterland.

Inter city transport by all modes - rail, coach, car, air - is carefully analysed in terms of fare levels, travel patterns and demand elasticities. The book concludes that the future for inter city public transport is far rosier than for local public transport and the current issues in the public transport sectors bus/coach, rail and air are identified. The need for improved coach terminals in major cities is a reflection of the growth in demand, and BR are now offering Pullman business services in a price/quality mix geared more closely to the market.

The book in general is a factual text while the chapters on policy deal with issues which require the author to provide views on the extensive changes in policy in recent years. Peter White is a respected commentator on transport and he gives his views as usual in a considered style based on hard evidence.

Each chapter has an extensive list of references which make this text a valuable source of further data as well as being itself a clear and concise survey of the public transport industry (1986 style) in Britain and abroad.

Reviewed by Stuart Cole, Senior Lecturer in Transport Economics & Policy, Polytechnic of North London

## LETTERS TO THE EDITOR

### TRANSPORT POLICY IN IRELAND

from Harry McGeehan, Economist, Coras Iompair Eireann, Dublin

As you may have noticed in Vol.14 No.2, I recently joined the TEG.

Unfortunately my first correspondence with the Group is of a negative nature and it concerns the review of Sean Barrett's "Transport Policy in Ireland" by Dr. John Hibbs. The review is somewhat superficial and gives the impression that CIE is an "entrenched monopolist", and that "protectionism has had horrifying consequences" for Ireland's economy. The reviewer concludes that the book is "full of statistical material, so that those who would reach other conclusions can use them to work out why".

In fact CIE and Steer Davies & Gleave have done exactly that and have put their 'alternative conclusions' on public record. In the interest of balance it would be helpful if you could point out to your membership that the CIE document exists and is available from CIE, 14-19 Crow Street, Dublin 2.

Editor's Note: The report will be reviewed in the next edition.

TEG NEWSCHAIRMAN'S REPORT FOR 1986

The Group has continued its active role through holding meetings on issues of current importance in research and policy, and through publication. During the calendar year some nine meetings were held in London, and two Northern meetings in Leeds. Frequency of publication of 'The Transport Economist' was stepped up to quarterly.

A wide range of modes and themes has been examined in meetings. Bus operation was the subject of a talk by Phil Goodwin on one-person-operation in January, and of James Isaac's view on the then forthcoming deregulation in March. Air transport was examined by Peter Morrell in May, looking at BA's performance and proposed privatisation; and by Rigas Doganis in December, evaluating prospects for European liberalisation in the light of US experience. Railways were the subject of John Segal's talk on BR's Parkway stations in October, the European comparisons offered by Bill Steinmetz in June, and John Preston's research on new local stations presented at Leeds in October. Road freight distribution was the theme of Mark Redeman's presentation of NFC's role in January (and also of the January 1987 meeting, addressed by David Quarby of Sainsbury). Transport investment in developing countries was examined by Phil Cornwell in September.

Research issues were specifically addressed in two meetings, that on business travel and the value of time by Chris Nash and his colleagues at Leeds in January, and on long-term elasticities by Richard Mackenzie of Oxford TSU in November. A planned meeting on road studies in London was postponed due to their delayed publication, but is now to take place in the current year. A larger programme of Northern area meetings is also scheduled.

It is perhaps indicative of the pressures of work now faced by many members, as their industries are subject to deregulation, reorganisation and other changes, that the opportunity to attend meetings on themes not immediately related to their own current work may have been reduced. Conversely, although audiences have been slightly smaller than in previous years, those attending generally have a strong interest in the specific subject being examined, resulting in a high level of debate.

The wide range of research interests among the membership was reflected in the substantial contributions by TEG members to papers at the World Conference on Transport Research in Vancouver (as reported in our Autumn issue).

Following the 1986 AGM, David Bruce joined the committee as Secretary, and Roland Niblett became Programme Organiser. Rob Sheldon resigned due to pressures of work. Ernest Godward and Ian Savage continued as committee members, although Ian subsequently resigned following his departure for an academic post in the USA in August. However, he continues as an active member of the Group. Don Box continued to carry the combined workload of Treasurer and Membership Secretary, and Peter Collins remained Vice-chairman. Chris Nash, Northern meetings organiser, also joined the committee.

Our journal 'The Transport Economist', has expanded its coverage under the editorship of Stuart Cole. A particularly valuable role is played by its regular reviews of new publications in transport. Although many journals make mention of these, systematic reviewing is surprisingly rare.

My thanks go to all our speakers and committee members for their efforts during the year.

Peter R. White, Chairman, 1 February 1987

### TREASURER & MEMBERSHIP SECRETARY'S REPORT FOR 1986

Only a small surplus of £37 has been achieved this year in contrast to the unusually large surplus of 1985 (£690). This is almost entirely due to the decision to increase the frequency of the Journal from three to four issue a year and holding the subscription rate to £12, both of which were foreshadowed in my report for 1985.

We have striven to keep other expenditure at a low level by increased use of PCL for meetings, but charges for room hire have increased and postage costs have inevitably risen as a result of considerable activity in recruiting new members and the distribution of an additional issue of the Journal.

The breakdown of expenditure between the main items and compared with the previous year is:

	1986 (%)	1985 (%)
Administration	43	39
Publications	41	51
Meetings	13	8
Other	3	2

The formal accounts and balance sheet have been made available to members at the Annual General Meeting and are also appended to this report.

On membership, I can report that losses have been balanced by recruitment during the year, leaving current numbers at around 140. But it is still of some concern that about twenty people terminate their membership each year. Some of these resignations are due to the person concerned leaving the field of transport economics, but at least half is due to what might be called a failure to retain the interest of the former member. Your committee is anxious to hear of any suggestions members can make to combat this rather

large turnover in membership.

Bearing in mind the surpluses which have been achieved in recent years and the low level of inflation anticipated, the committee has decided that the rate of subscription for 1987 should not be increased for the second year running and therefore remain at £12.

S.D. Box, Treasurer & Membership Secretary, February 1987

### INCOME & EXPENDITURE ACCOUNT FOR 1986

	£	£	£
<u>Income</u>			
Subscriptions		1578	
Advertisements		20	
Interest		12	<u>1610</u>
<u>Expenditure</u>			
Administration - Secretary	419		
- postage, telephone, etc.	251	670	
Publications		652	
Meetings - Room hire	86		
- Entertainment	121	207	
Insurance		40	
Corporation tax		4	<u>1573</u>
<u>Excess of income over expenditure for the year</u>			<u>37</u>

## BALANCE SHEET AT 31.12.86

	£	£
Members' accumulated funds at 31.12.86	905	
Add Excess of income over expenditure	37	942
Creditors (inc. tax provision)		<u>583</u>
		<u>1525</u>
Represented by: Debtors		53
Bank accounts - deposit		176
- current		<u>1296</u>
		<u>1525</u>

Signed: S.D. Box, Treasurer

## REPORT OF THE AUDITOR

To members of the Transport Economists Group:

I have examined the books and records of the Transport Economists Group and have received explanations from your Treasurer as necessary. In my opinion the Balance Sheet gives a true and fair view of the state of affairs as at 31 December 1986 and the Income & Expenditure Account properly reflects the excess of income over expenditure for the year then ended.

Signed: J.C. Bentley FCCA, 24 Phillimore Road, Emmer Green, Reading.

## FORTHCOMING MEETINGS

## 1986-87 LONDON MEETINGS PROGRAMME

Wednesday, 18 March 1987

ECONOMIC ASSESSMENT OF URBAN ROADS

Denzil Coombe, Halcrow Fox & Partners

18.00 for 18.30, PCL

Wednesday, 15 April 1987

VALUE OF TIME

Mark Egerton, Department of Transport

18.00 for 18.30, PCL

Wednesday, 20 May 1987

A talk on bus deregulation is planned

"PCL refers to the Polytechnic of Central London building at 35 Marylebone Road, London NW1 adjacent to Baker Street Underground Station. Meetings are held in Room 206 on the second floor of the main block directly fronting Marylebone Road.

## 1986-87 NORTHERN MEETINGS PROGRAMME

Wednesday, 6 May 1987

MONITORING BUS DEREGULATION

Norman James, Transport Operations Research Group,

University of Newcastle

Meeting at: Room G.03, Institute for Transport Studies,

University of Leeds

15.30 for 16.00

NON-MEMBERS ARE WELCOME TO ATTEND ALL TEG MEETINGS

COMMITTEE 1986/87**Chairman**

Peter White, Senior Lecturer in Public Transport Systems,  
Transport Studies Group, Polytechnic of Central London,  
35 Marylebone Road, London NW1 5SL. (01-486 5811 X 298)

**Vice Chairman**

Peter Collins, Group Planning Manager, London Regional Transport,  
55 Broadway, London SW1H 0BD. (01-227 3703)

**Secretary**

David Bruce, Bristol Polytechnic, 15 St. Helena Road, Westbury  
Park, Bristol BS6 7NR. (0272-656261 X2250)

**Treasurer & Membership Secretary**

Don Box, 73 Silverdale Road, Earley, Reading RG6 2NF.  
(0734-64064)

**Publications Editor**

Stuart Cole, Senior Lecturer in Transport Economics & Policy, The  
Business School, Polytechnic of North London, 2-16 Eden Grove,  
London N7 8DB. (01-607 2789 X2457)

**London Programme Organiser**

Roland Niblett, London Residuary Body.

**Northern Programme Organiser**

Chris Nash, Institute of Transport Studies, University of Leeds,  
Leeds LS2 9JT. (0532-31751 X7212)

**Committee Member**

Ernest Godward, 62 Newbury Lane, Oldbury, Warley BS6 7NR.  
(021-622 5151 X49)

**COPY DATES FOR THE TRANSPORT ECONOMIST**

EDITION	VOL.	NO.	COPYDATE	DATE OUT
Summer 1987	14	4	May 1	May 29
Autumn 1987	15	1	July 10	August 28
Winter 1987	15	2	October 30	November 27
Spring 1988	15	3	January 27	February 26

ADVERTISEMENTS

Department of Extra Mural Studies  
 University of London  
 26 Russell Square  
 London WC1B 5DQ  
 Telephone: 01 636 8000

VACANCIES

**PART TIME LECTURERS - AFTERNOON AND EVENING CLASSES IN TRANSPORT**  
 We are seeking enthusiastic graduates to teach on our Certificate and Diploma courses in Transport for the Academic year 1987-88, in the following subject areas:

Certificate in Transport

**TRANSPORT LAW:** current legislation  
 the law of business and carriage

**TRANSPORT ECONOMICS:** introductory theory and its application to transport

Diploma in Transport

Specialist to teach public transport by rail and road; and inland freight transport.

Project tutors

Payment: £28.20 per 2-hour meeting and travelling expenses.

For further details write to or telephone Cheryl Croydon (ext. 3885) of Martin Higginson (ext. 3830) at the above address.