

News Update - Quality Contracts, a risky business?

Welcome to the Tyne and Wear Passenger Transport Users Group "News Update" focusing on the Bus Quality Contracts debate

If you want to comment on any of the issues we raise – or are interested in becoming an active member of Tyne and Wear Passenger Transport Users Group and want to campaign on behalf of passengers – please contact us at twptug@phonecoop.coop or by using the 'Contact Us' form on our website <http://www.twptug.org.uk>

We'll keep on commenting about the issues until the Integrated Transport Authority makes a decision to go forward with a Quality Contract. If they did decide to abandon the idea of a Quality Contract and try to negotiate a Voluntary Partnership we'll be watching them closely to ensure that any deal provides real benefits for passengers and isn't just a form of 'business as usual' for the operators.

Once they have made a decision we'll turn our attention to looking at how the voice of passengers will be heard in the future.

Are the Bus Operators right about the risks of a Quality Contract Scheme?

We are also aware of the risk that the current operators won't cooperate and new operators won't bid and the possibility of costly legal challenges effectively funded from the excess profits made over the past years. However these risks need to be set against the bleak certainties offered by either not doing anything or signing up to the proposed VPA.

The North East Bus Operators Association told us about their views of the financial risks involved in a QCS for NEXUS and the ITA. In particular they said that the consequent reduction in Metro Fares, a reduction that we think will be welcomed by many, would lead to a considerably increased need for Metro subsidy. However recent reports suggest that Metro revenue is improving as a result of the introduction of extra revenue protection measures and we have no doubt that reduced fares will increase ridership. Our understanding is that NEXUS have factored the impact of better revenue protection, and the increase in passengers from fare reductions, into their calculations and take the view that the new fare structure will not lead to any need for increased revenue support.