

THE PROCUREMENT OF PUBLIC TRANSPORT SERVICES

The term public transport refers to line services, purchased services and other regular passenger services which are available to the public. The state has traditionally supported public transport and its development through appropriations in the state budget. The amount appropriated for this purpose in the 2002 budget is about 79 million euros.

The present audit concerned one application of funds, the purchasing of regional transport services, for which about 18 million euros was appropriated in 2002. The state provincial offices use this money to purchase bus and taxi services to operate traffic of a basic service nature which cannot be maintained with customer revenue alone. According to the budget proposal, services are purchased in order to ensure basic transport services and regional and social equality. Operators are selected on the basis of tenders for specific services.

In 2001 the state provincial offices used appropriated funds to procure 4,165 bus and taxi services. A total of 8.6 million journeys were made on these services.

The audit sought answers to the following questions concerning the procurement of public transport services:

- Were procurements organized and directed in a clear and comprehensive way?
- Did procurements comply with regulations?
- How could effectiveness and efficiency be improved in procurements?
- How is compliance with procurement contracts monitored?

The audit also examined the budgeting and application of funds and the effectiveness of cooperation among different parties in the procurement of transport services.

The audit focused on the activities of the Ministry of Transport and Communications, which oversees the procurement of public transport services, and the state provin-

cial offices' transport departments, which are responsible for procurements.

The audit indicated that terms concerning purchased services and purchasing principles were of a general nature and open to interpretation. This has in practice allowed considerable variation in the services purchased by different state provincial offices. The state provincial offices did not have approved service-level objectives to support the planning of purchased services, although development studies regarding this matter have been completed. The audit found cases in which purchased services satisfied the needs of only one or two passengers on average, and on some routes there were no longer any passengers at all.

In the opinion of the State Audit Office, terms concerning purchased services and purchasing principles should be spelled out as soon as possible. The regional service-level indicators mentioned in the strategic plan adopted by the Ministry of Transport and Communications should be utilized in planning purchased services. Attention should also be focused on the economy of purchased services, for example by setting passenger thresholds for supported services.

The audit indicated that procurements complied with regulations quite well. Minor deficiencies in procedures were observed with regard to the fair treatment of bidders and the administration of procurement documents, among other things.

On the basis of the audit it would appear that the competition situation for purchased services is not very good. New ways should be sought to improve the competition situation, for example by developing the content of purchased services and diversifying services.

The audit indicated that monitoring of the procurement of purchased services was meagre and sporadic. Breaches of contract which came to light in the audit suggest that deviations occur at least to some extent in all purchased services. The state provincial offices and the Ministry of Transport and Communications should in future pay greater attention to monitoring the implementation of purchased service contracts.

With regard to the budgeting and application of funds the audit indicated that appropriations for purchased services and for public transport in general have regularly included large amounts of unused transferable funds, which rose from about 12 million euros in 1995 to about 26 million euros in 2002. Such large reserves were not justified on the whole. Excess transferable funds should be released. The annual appropriation for purchased services should be based on actual needs.