



THE AMAZING PUBLIC-SECTOR EXPERT

...as the solution to every
transport policy problem

Richard Allsop

Much public policy discourse has a perpetually depressing tone to it.

An interest group in a particular policy area runs a campaign asserting the centrality of their issue to the well-being of the community and demands more resources to address the alleged crisis. The government then bows to the pressure and delivers some funding. The interest group greets the funding as 'a welcome first step', but quickly explains that 'more needs to be done'. So, we continue on the escalator to ever bigger government.

Thus, it should come as a pleasant surprise to discover a policy area where some key advocates argue that what is required is not the expenditure of more

money, but a far wiser use of existing resources.

The policy area in question is public transport in Victoria. A group of Melbourne academics produced a paper in April 2006, *Putting The Public Interest Back Into Public Transport*, that has become something of a bible for local public transport activists. One of its key arguments was that:

Melbourne is receiving poor value for the very substantial sums currently expended ... the correct response is ... to fix the inefficiencies. Until this has occurred, any additional subsidies are likely to be wasted.

Although the paper's claims regarding subsidies and its assessment of the performance of private operators since privatisation are incorrect, it is nonetheless

still something of a refreshing change to find a document which argues that the solution to a perceived problem is not the immediate expenditure of more taxpayers' money.

Part of their solution is to re-nationalise the system. Ignoring for the moment the arguments about why that, in itself, is a bad idea, it is intriguing to consider how the academics believe the system should be managed upon its return to the public sector.

They recognise that the performance of the previous government body, the Public Transport Corporation (PTC), was not that flash. They accuse the PTC of having been 'an organisation that presided over decades of decline in patronage and market share' and of having had 'a defensive inward-looking corporate culture'. There is some truth in this accusation, but what it obscures is the fact

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that the problem was not that the PTC's managers had not known for some time what needed to be done, it was that they had not had political masters with the political will to actually do it.

Everybody knew that Melbourne's restaurant tram did not need a conductor sitting in the back compartment; everybody knew that train cleaners should not be divided between long- and short-handle broom operators; everybody knew that railway workshop employees should not be pottering along making furniture because there was no rail work to be undertaken.

Hence, when the Kennett Government Transport Minister, Alan Brown, quickly made clear that, at last, there was a government determined to undertake reform, not only was PTC management able to come up with a suite of reform proposals, but even the unions began throwing up their own options for the best way to deliver efficiency. The combination of the government's determination and the practical proposals from management produced a four-year reform programme that cut the recurrent subsidy to public transport by \$250 million per annum, while also boosting services and beginning to increase patronage levels.

Having rejected previous Victorian public sector models for public transport, the academics base their model in their paper on the public transport authority in Zurich:

The ZVV in Zurich only has 35 staff and an equivalent body (in Melbourne) should require no more than this. It will be important to select the best talent in the world for the new agency rather than, for example, simply transferring existing DOI employees to the new agency. Fortunately, there are staff of this calibre available: some are even native Melburnians who have moved to other places because their skills were not valued here.

Perhaps, as fans of limited government, we should be celebrating the prospect of a couple of hundred DOI bureaucrats being made redundant, while the offices of the report-writing academics should be the subject of a union picket for implicitly demanding that a couple of hundred public sector union members (or at least potential members) be sacked.

However, rather than the apparent conversion of some left-wing academics to support for smaller government, what we can recognise more clearly in these proposals is not really a 'small government' argument, but a fundamental belief in the ability of experts to deliver. If only the smart guys are in charge, then all will be well.

One would have thought that across every field of government activity there was enough accumulated evidence to show that relying on putting the experts in charge was no guarantee of success. However, while most activists acknowledge that the people in charge of their special interest in the public sector are at best mediocre, there is always the mythical 'expert' somewhere. Sometimes, the great public sector managers were in the past; sometimes, the great public sector managers are working interstate or overseas, but rarely are they running the area of our special interest here and now.

Thus, it has always been an odd phenomenon to observe people who are highly critical of the actual practice of particular governments, but who nonetheless maintain a strong belief that operations work best when in government ownership (you know the types—they hate the Howard Government but would prefer it, rather than millions of shareholders, to be responsible for Telstra).

Of course, it should not be thought that support for some form of government-run enterprise technocracy nirvana is confined to those who hold a left-wing perspective. Many on the right have long suggested that all would be well in public sector instrumentalities if they were run

by business experts. This sort of thinking has created such monsters as Australia Post (whose outlets seem to try to compete with every other business in the High Street, while maintaining their monopoly of basic mail services) and ABC Shops (which have arisen across the landscape, without anyone ever explaining why we need public-sector bookshops).

In developing models for government operation of anything, one should always consider the worst-case scenario. No government entity should ever have to rely on getting the very best people. However, when it comes to government operations, optimism always seems to triumph over experience.

As those believing that deploying the expert to solve a problem can be found on both the left and right of the political spectrum, it is appropriate to quote two individuals from different parts of that spectrum, who maintained a healthy scepticism about the role of the expert in public life. From the right, William F. Buckley Jr. observed that he would sooner be governed by the first 200 names in the Boston telephone book than by the faculty of Harvard University, while from the left, Ben Chifley once commented that 'one wise man and a dozen fools would govern better than one wise man'.

So the question for the four academics who wrote the paper against public transport privatisation is this. If you cannot guarantee that you will get the 'experts' to run the show in the public sector, and even if you get the 'experts', they might not actually be that good—do you still want to re-nationalise public transport?

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

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