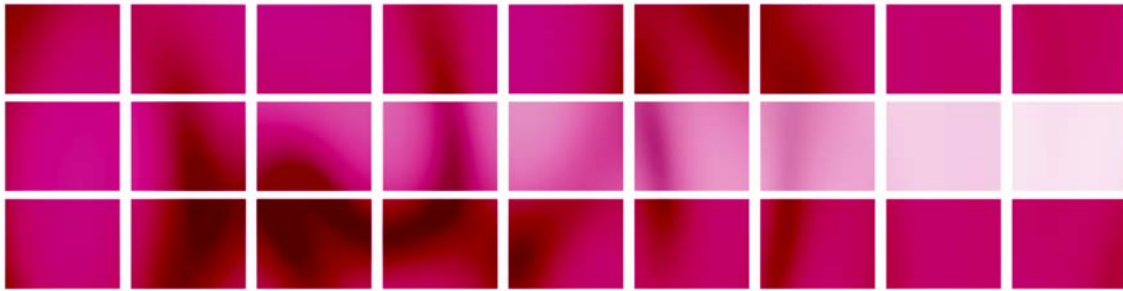


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**PRIVATISATION OF PUBLIC SERVICES AND THE IMPACT ON
QUALITY, EMPLOYMENT AND PRODUCTIVITY (PIQUE)**

Liberalisation, privatisation and regulation in the Belgian local public transport sector

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Country report on liberalisation and privatisation processes and forms of regulation

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1. *MARKET STRUCTURE*

1.1. *Market structure before liberalisation*

The urban and regional bus transport was originally taken care of by seven companies. The 'Nationale Maatschappij van Buurtspoorwegen (NMVB)' was responsible for the regional transport. At first it exploited busses and tramlines. However, most tramlines disappeared in the period 1955-1956. The NMVB outsourced the exploitation of some of the bus lines to private operators (Blauwens, 1996, p. 81-82). This was, however, not done on a competitive basis. In 1977, the NMVB transported 73, 7 % of the passengers, 26, 6% of the passengers were transported by private operators (s.n., 1985, p. 56). In that same year, the NMVB took over all bus activities of the railway company NMBS.

The agglomerations of Brussels, Antwerp, Ghent, Liège, Charleroi and Verviers each had a 'Maatschappij voor Intercommunaal vervoer (MIV's)', which was responsible for public transport in these cities (Blauwens, 1996, p. 81-82). The running and organisation of the public transport in Brussels has been in hands of the MIVB, the Society for Interurban Transport in Brussels, since 1954 (De Mesmaeker, 2005, p. 5). The MIVB offered bus, tram and metro services (www.stib.irisnet.be). Urban transport in the rest of the Belgian cities was in hands of the 'Nationale Maatschappij van Buurtspoorwegen (NMVB)' (Blauwens, 1996, p. 82). In addition, the organisation of the inter-city transport in Belgium was the responsibility of the railway company, the NMBS.

This changed in 1988 when Belgium was regionalised. Several reforms were introduced. The shares of the six MIV's were transferred from the federal state to the regions. The MIV's situated in the Flemish and Walloon region were reorganised into two new bus companies, one for each region. Furthermore, the shares of the bus company responsible for regional transport, the NMVB, were divided between the Flemish and Walloon region. As a result, there were from then on three bus companies active in Belgium: the MIVB, TEC and 'De Lijn' (Blauwens, 1996, p. 82). In Brussels, it is the MIV of Brussels (MIVB) and the NMBS that were and still are important for the public transport. There was no real competition in Brussels, because each operated on its own market.

1.2. *Steps and processes of liberalisation*

The local and regional transport sector did undergo quite some changes over the last two decades. These reforms, however, were not related to the liberalisation of the transport market in Belgium nor Brussels. They were related to the federalisation of the Belgian state. The reforms regarding to the opening up of the market have been limited

to the introduction of competitive tendering by ‘De Lijn’ in 2002. This period has, however, been marked by an ongoing debate on the need for further liberalisation steps.

Table 1: Market structure

Before reforms	After reforms
NMVB (with part of its offer outsourced to private operators):	MIVB
- Bus & tram	- Bus, tram & metro
- All over Belgium except Brussels, Antwerp, Ghent, Liège, Charleroi & Verviers	- In Brussels
6 MIV's:	De Lijn (with 50% of its offer outsourced to private operators)
- Bus, tram & metro	- Bus, tram & metro
- Brussels, Antwerp, Ghent, Liège, Charleroi & Verviers	- In the Flemish region
NMBS	TEC (with part of its offer outsourced to private operators)
- Railway & bus (until 1977)	- Bus
- All over Belgium	- In the Walloon region
	NMBS
	- Railway
	- All over Belgium

1.3. Current market structure and remaining challenges

The running and organisation of the public transport in Brussels-Capital region is still in hands of the MIVB, the Society for interurban transport in Brussels (De Mesmaeker, 2005, p. 5). The services that the MIVB offers include tram, bus and metro. Furthermore, the two other bus companies already mentioned, the Flemish ‘De Lijn’ and the Walloon ‘T.E.C.’ are also active in Brussels (Cral, 2006, p. 65). Finally, railway transport is still in hands of the NMBS.

The MIVB/STIB has a dominant position regarding the local transport in Brussels. There is, however, no competition between the different bus companies. In fact, each company has its own market on which it is active. ‘De Lijn’ is the manager of all urban and regional transport in the Flemish region. The Decree of 31 July 1990 granted ‘De Lijn’ a monopoly for the organisation of the transport in, to and from the Flemish region (Van Wesemael, 1995, p. 2). As a result, ‘De Lijn’ can organise bus transport from the outskirts of Brussels to the rural area around Brussels that is situated in the Flemish region. TEC can organise transport from the outskirts of Brussels to the rural area of Brussels situated in the Walloon region. Finally, the NMBS takes care of inter-city transport (MIVB, 2004b, p. 1).

Instead of competition between the bus operators, there has actually been more and more cooperation over these last years between the different actors. A good example of this cooperation is the launch of the ‘Jump ticket’ in 2003, which can be used on MIVB as well as on the ‘De Lijn’ and TEC networks. The interavailability of this ‘one day’

ticket has been extended to the railway network of the NMBS. As a result, in the Brussels-Capital region area, ticketing and pricing integration is almost complete (MIVB, 2006b, p. 17). Not only is there no competition between the three bus operators, neither is there competition for passenger transport in the railway sector. The NMBS is still the only actor when it comes to railway transport of passengers.

Although there is no competition between the 'De Lijn', MIVB and TEC, an element of competition has been introduced in the Flemish region. The Flemish bus company 'De Lijn' can outsource part of the regular as well as special transport to third parties. 'De Lijn' uses this possibility to a large extent (Van Wesemael, 1995, p. 2). It is the Flemish government that determines the minimum percentage of the total exploitation that has to be entrusted to a third party (Decree regarding to the organisation of the road transport of passengers and for the realisation of a Mobility counsel for the Flemish region, chapter II, article 16). Originally, 65 % of the exploitation of buses was in hands of 'De Lijn'. The other 35% was delegated to private companies (Blauwens, 2001, p. 92). The aim is a 50-50 division between the company itself and private sector. In other words, the objective is an increase of the participation of private operators (De Lijn & Vlaamse regering, 2003, p. 4). In 2002, 'De Lijn' had concluded 79 contracts with private partners (www.fbaa.be). In total, 'De Lijn' received 183 tenders for these 79 contracts. 'De Lijn' took into account the criteria of price and quality when assessing these tenders. (Rekenhof, 2005, p. 77). By 2005 'De Lijn' had contracts with 86 private companies (De Lijn, 2005, p. 2).

These third parties or operators were usually small or medium-sized companies that have a coach company. Next to that these companies also assume responsibility for the exploitation of one or more bus lines, in return for subsidies by 'De Lijn'. 'De Lijn' determines the trajectory that has to be run, the timetable, the features of the equipment that has to be used, the tariffs, the style that has to be kept on by the operators, and the tickets (Van Wesemael, 1995, p. 2). In other words, these private operators are regulated strictly by 'De Lijn'. Moreover, the personnel of the private operators has the same statute as the personnel of 'De Lijn'.

The exploitation of a certain bus line by a private operator was up until a couple of years ago most of the time determined historically. There was no competitive tendering. This was the case for the choice of the lines as well as for the choice of the operators. The service that had to be delivered and all the additional modalities were prescribed by 'De Lijn' that paid a predetermined price to the operator for each driven kilometre based on certain parameters. This so-called standard cost price was determined by the Board of Directors of 'De Lijn' after advice from a commission in which representatives from the bus and coach sector– in other words the operators– participated (Van Wesemael, 1995, p. 13).

However, 'De Lijn' has been criticised by the Court of Audit for its policy towards these private operators. The Court of Audit argued that 'De Lijn' did not implement a transparent policy towards these private companies. According to the Court of Audit, it was not clear how the prices that 'De Lijn' paid to the operators were calculated (Rekenhof, 1996, p. 177-193). This criticism, together with the developments at the EU

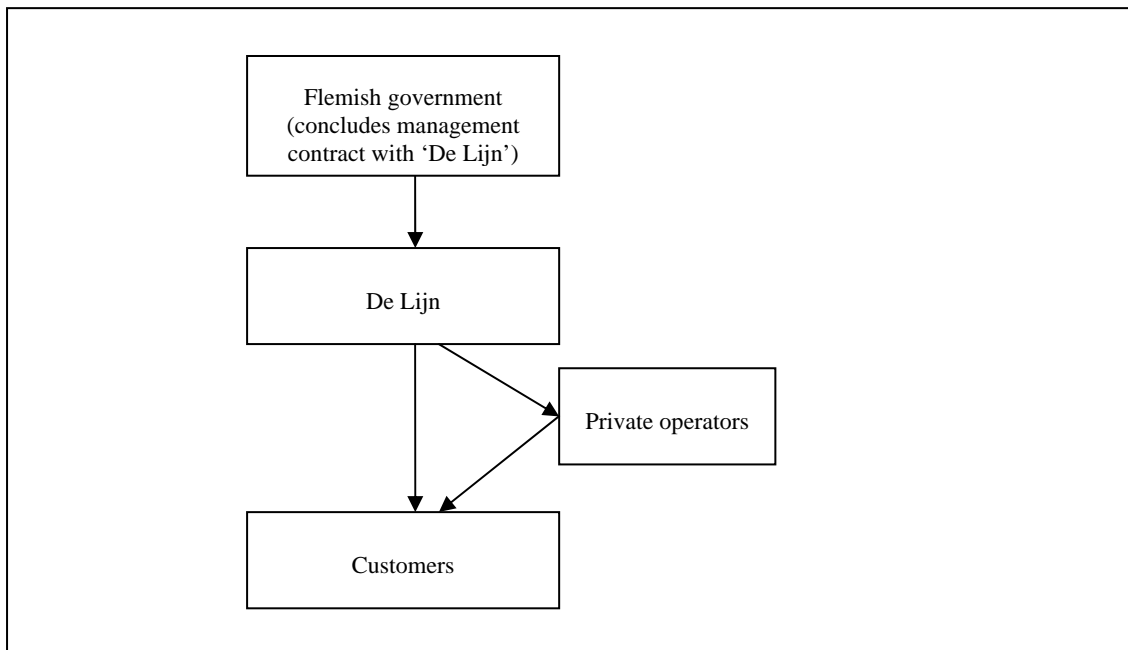
level, caused 'De Lijn' to switch to a competitive tendering method for granting any new contracts in 2002.

In that year, the contracts that 'De Lijn' already had with the private operators all came to an end. From then on a tender procedure has been used for awarding new contracts. All private operators now have to submit a dossier. 'De Lijn' then takes a decision based on that dossier. Because of the introduction of this tendering procedure, the market is now partly opened up (Blauwens, 2001, p. 92).

The system currently used by 'De Lijn' is a model of indirect tendering. In this model, 'De Lijn' not only organises public transport in the Flemish region. The company also acts as a provider, purchaser and as a regulator of the services. There is no competition between the public company 'De Lijn' and the private companies that work for 'De Lijn'. In other words, the possibility of challenging the incumbent public operator does not exist (Coppe, 2004, p. 65). There is only competition between the private operators that want to conclude a contract with 'De Lijn'. The system of indirect tendering has the advantage that the services supplied to the customers are very coordinated and uniform. At the same time, private companies are brought in to organise the services more efficiently. However, there is still no benchmarking of the prices of 'De Lijn' and those of the private companies, which would be an incentive for 'De Lijn' as well as the private companies to increase efficiency. This model has raised the interest of other countries as a possible alternative for the EU model.

Not only 'De Lijn' brings in private operators to exploit part of its bus lines. TEC also leaves the exploitation of certain bus lines to private operators (www.fbaa.be). TEC has, however, not yet introduced competitive tendering. On the contrary, the public operator TEC has even bought one of the private operators and is participating in bids elsewhere together with others (van de Velde, 2001, p. 6). The MIVB, on the other hand, supplies all services itself. It does not make use of private operators (Coppe, 2004, p. 72).

Figure 1: Organisation of public transport in the Flemish region



Finally, it has to be mentioned that although there is no competition between TEC, MIVB and 'De Lijn', these bus companies do have to compete with other means of transport such as cabs. This might very well have some of the same consequences as competition between bus operators would have.

The current organisation of urban and regional transport faces a number of challenges caused by the fact that each region has its own local and regional transport network and by the competition between the different means of transport, such as railway, bus and metro. It is necessary that these networks are well connected, so that the quality of service is not affected by the fact that there are several networks. If these networks are well connected, customers can easily switch from one network to another. However, the integration of the different networks is still not optimal and therefore still needs to be improved further (Van Brempt, 2004, p. 66; Stevaert, 2000, p. 17; MIVB, 2004a, p. 11).

2. REGULATION

2.1. Instruments

All companies active in the local and regional transport market are heavily regulated. The three bus operators, 'De Lijn', MIVB, TEC as well as the NMBS all concluded management contracts with the government under which responsibility they fall. These contracts contain several regulatory instruments.

Table 2: Instruments of regulation

Before reforms	After reforms
Public ownership	Public ownership (with outsourcing of bus lines to private partners)
Price regulation	Price regulation
	Quality regulation
	Management contract
	Decree on basic mobility (quantity and quality regulation) in case of 'De Lijn'
	Regulation by the governmental representative in the Board of Directors and by the government commissioner

The dominant actor on the Brussels local and regional transport market, the MIVB, has indeed concluded several management contracts with the Brussels-Capital region. These contracts regulate the relation between the bus operator and the Brussels-Capital region (De Mesmaeker, 2005, p. 6). To date, three management contracts have been signed, each for a duration of five years. The first contract was concluded in 1991, the following contracts in 1996 and 2001. Negotiations for the 2006-2010 management contract began at the start of 2006 (MIVB, 2006b, p. 9). The contract signed in 2001 is still valid since it has been extended until a new contract will be concluded (Cral, 2006, p. 65).

The law of 22 November 1990 stipulates that a management contract between the MIVB and the Brussels-Capital region should regulate seven matters. First of all, it has to regulate the objectives assigned to both parties, which are the translation of their common policy, and the schedule for carrying these objectives out. Other issues regulated in the management contract are the principles for establishing and altering the network, the investment plan, the financial operations plan (tariffs and subsidies), and the profit-sharing. The management contract should also contain sanctions aimed at ensuring that commitments are kept. Finally, the contract should also include the most important elements of the business plan and the conditions for revising the contract (MIVB, 2006b, p. 9). Several elements of this management contract can be categorised as quality regulation (De Mesmaeker, 2005, p. 12).

Moreover, the MIVB is also subjected to price regulation. The company does have a high level of autonomy to determine its own tariffs. However, the Brussels region can object to some proposals regarding the tariff policy if a couple of principles, such as the balance of income and expenses, are not respected (Cral, 2006, p. 68).

The Flemish bus operator 'De Lijn' is also subjected to various regulatory instruments. First of all, 'De Lijn' is subjected to quality and quantity regulation. Some of these regulatory instruments are stipulated in the decree on basic mobility approved by the Flemish Parliament in 2001. This decree implied an increase of regulation of the bus and tram sector in the Flemish region. Furthermore, it implied a regulation of supply. This was contrary to the trend up until now to organise to sector based on the demand for services.

According to this decree it is 'De Lijn' that has to organise and assure the basic mobility. This decree determines that the aim of basic mobility should be to guarantee a minimum offer of organised transport to the user/consumer. This minimum offer implies a minimum service frequency and a maximum distance to and waiting time at bus stops. For service frequency, as well as waiting time and distance the decree further stipulates what is expected of 'De Lijn'. Every citizen can file a complaint when the minimum standards with regard to organised transport are not fulfilled. The Flemish government will then determine the compensation (Decree with regard to the organisation of the road transport of passengers and for the realisation of a Mobility counsel for the Flemish region, chapter II, article 4-6). In reality, this decree has been implemented in a pragmatic way due to the high costs it entailed. It must be added that this decree also created opportunities for 'De Lijn'. Since the decree has been implemented, the number of passengers and personnel of 'De Lijn' has increased considerably¹ (PSR, 2003 & Belga, 2003).

'De Lijn' and the Flemish government also conclude a management contract, in which the relation between the subsidising and organising government on the one hand and the bus company on the other hand is determined (Van Wesemael, 1995, p. 11-12). The first management contract was concluded in 1993 (Blauwens, 1996, p. 83). The last management contract was signed in July 2003 and will be valid until 31 December 2009 (De Lijn & Vlaamse regering, 2003, p. 2). According to the management contract 'De Lijn' has to organise every activity that is directly or indirectly and completely or partly related to the public urban and regional transport in the Flemish region, and from or to this region (De Lijn & Vlaamse regering, 2003, p. 5). The contract stipulates several obligations for 'De Lijn'. First of all, the contract contains obligations with regard to the supply of services. The contract determines that 'De Lijn' is obligated to fulfil the criteria of the decree on basic mobility (De Lijn & Vlaamse regering, 2003, p. 7). Secondly, the management contract determines that 'De Lijn' has to organise a survey every two years to assess customer satisfaction. Based on the results, the company has to formulate proposals to improve the quality of the services (De Lijn & Vlaamse regering, 2003, p. 8). The contract also stipulates a number of obligations to increase the customer friendliness of the company (De Lijn & Vlaamse regering, 2003, p. 10-11). In addition, 'De Lijn' has to draw up an investment plan every year (De Lijn & Vlaamse regering, 2003, p. 11). Furthermore, the contract also contains rules with regard to the quality and management of the fleet of buses (De Lijn & Vlaamse regering, 2003, p. 12).

The implementation of the management contract will be evaluated yearly. If certain obligations were not observed, then sanctions can be taken (De Lijn & Vlaamse regering, 2003, p. 24-25). Finally, the management contract also contains a part on the tariffs. First of all, the Flemish government has to approve the maximum tariffs determined by the Board of Directors. Secondly, 'De Lijn' can change its tariffs only

¹ In 2003, 'De Lijn' transported 14, 6% more passengers than in 2002 (PSR, 2003). 2002 was already a record year, since the number of passengers was 16, 7% higher than in 2001. Moreover, the number of personnel increased with 5, 6 % in 2002 compared to 2001 (Belga, 2003).

once a year. In addition, the average tariff increase can at the most be equal to the increase of the regular index of the consumer prices (De Lijn & Vlaamse regering, 2003, p. 27-28).

The Walloon bus operator TEC has also concluded several management contracts with the Walloon government (Blauwens, 2001, p. 96). The first contract was signed in 1993 (Blauwens, 1996, p. 85). The last management contract has been concluded in 2005 and will be valid until 2010. Like the management contract concluded with 'De Lijn' and the MIVB, this management contract contains several regulatory instruments, such as quality regulation (le Gouvernement Wallon, 2005, p. 1-5).

The management contract is an important instrument to regulate all three bus operators. However, the government also regulates the bus companies through its ownership. In addition, it also has representatives in the Board of Directors of the bus operators through which the government can also regulate the companies.

Finally, the railway company is also regulated by the federal government. The regulatory instruments and conditions under which the NMBS has to execute its public services are also laid down in a management contract (Mistiaen, 2005, p. 23). In other words, the regulation of the railway company is very similar to the regulation of the bus operators.

2.2. *Actors*

Different levels of government are involved in the organisation of local and regional transport. On the one hand, the inter-city transport is the responsibility of the railway company, the NMBS. This is a state enterprise that falls under the Federal Secretary of State for State Enterprises. On the other hand, the Law of August 1988 stipulates that the urban and regional transport is a regional competence. In other words, the ministers in charge of urban and regional transport are situated at the regional level (Blauwens, 1996, p. 79). As a result the MIVB falls under the responsibility of the Brussels-Capital region (www.stib.irisnet.be). Regarding 'De Lijn', it is the Flemish minister responsible for mobility who negotiates and concludes on behalf of the Flemish government the management contract with the bus operator (Vlaamse Overheid & De Lijn, 2003, p. 1). Finally, TEC falls under the responsibility of the Walloon region (www.infotec.be). In addition, the local government is also involved in case of 'De Lijn' and TEC through the representatives it has in the Board of Directors of both companies.

No independent regulatory agencies have been established to regulate the bus and tram sector. In the case of the railway sector, it is Infrabel (cfr. Infra) that acts as a regulator for the network. Infrabel determines what companies get access to the network. In fact, Infrabel not only regulates the network, it is also responsible for the management of the network.

2.3. *Problems*

An obvious problem when it comes to the regulation of the different companies responsible for urban and regional transport is related to the federalisation of the Belgian State. Because of the state reforms, the bus operators and railway companies are now all regulated by a different government. This resulted in a lack of coordination. A good example is the price regulation of the different companies. Each company has its own tariff structure, which is not consumer friendly (Van Brempt, 2004, p. 66). Furthermore, there have been some tensions between the Flemish government and the EU regarding the regulation of 'De Lijn'.

2.4. *Conclusion*

As has become clear, this is a heavily regulated sector. The three bus operators 'De Lijn', MIVB and TEC and the railway company NMBS are all regulated by several different instruments, including the management contract. In fact, there has been a shift from regulation by law to regulation by management contract. This regulation by contract is, however, still supplemented with regulation by law which is still used. In addition, the private operators that 'De Lijn' and TEC have brought in are also heavily regulated by 'De Lijn' and TEC.

3. *ACTORS/OWNERSHIP*

The federalisation of Belgium brought about quite some changes for the public bus operators in Belgium. Furthermore, the railway company NMBS has also undergone some changes these last years due to the transposition of the EU directive in national law. Finally, the introduction of a competitive tendering procedure also had consequences for the private operators working for 'De Lijn'.

The MIVB is currently a public company. This has, however, not always been the case. Its predecessor has not been completely in public hands until 1978. Only in that year the Belgian government has bought all shares that were up until then in private hands. By doing so the private participation in the 'old' MIVB was annulled (Blauwens, 1996, p. 82).

Nowadays, the MIVB is still completely in public hands. The company is the largest urban transport company in Brussels. Its work area stretches out over 19 municipalities of the Brussels-Capital region and 10 suburbs. The MIVB controls a network of 435 km: 3 metro lines, 15 tram lines and about 40 bus lines (De Mesmaeker, 2005, p. 5). In 2005, the MIVB employed 6283 persons (MIVB, 2006a, p. 2).

When the MIVB was established in 1954, it was a public law company (www.stib.irisnet.be). Its statutes were changed, however, by the law of 20 November 1990 (Crals, 2006, p. 65). Since then the MIVB is a public limited company of public

law (De Mesmaeker, 2005, p. 5). The company kept the same name as before the regionalisation of Belgium (Blauwens, 2001, p. 97). According to that same law, the MIVB is responsible for operating the public transport service in the Brussels-Capital region (MIVB, 2006b, p. 9).

The shareholders of the MIVB are the region of Brussels and the Regional Investment Company of Brussels. The Brussels municipalities no longer have any shares of the MIVB since the regionalisation, whereas they were shareholder of the 'old' MIVB (Blauwens, 2001, p. 97). The government can monitor the MIVB by a government commissioner. Furthermore, the Board of Directors is appointed by the government of the Brussels-Capital region. In addition, the leading civil servant is a central figure in the management of the MIVB, since he has a large power of decision. He is also appointed and fired by the government (De Mesmaeker, 2005, p. 20).

One of the predecessors of 'De Lijn' and TEC, the 'Nationale Maatschappij van Buurtspoorwegen' (NMVB) was a 'coöperatieve regie van openbare besturen'. It was established in 1884. Its shareholders were the state, the provinces and the municipalities. The NMVB was in charge of the regional transport (Blauwens, 1996, p. 81).

Its successor 'De Lijn' is nowadays still an autonomous public enterprise (Van Wesemael, 1995, p. 2). It is a company of public law with legal individuality. The bus operator is governed by a Board of Directors of which the members are nominated by the different shareholders of the company. With 58,5 % of the business capital, the Flemish region is the main shareholder. 15,4 % is in hands of the 5 provinces and 25,8 is divided over the greater part of the Flemish municipalities (Van Wesemael, 1995, p. 2-3). It is stipulated in the statutes of 'De Lijn' that at all time a minimum of 75% of the shares have to be in public hands (Blauwens, 2001, p. 91).

For the fulfilment of her duties, 'De Lijn' receives yearly contributions. Public transport has not been cost-effective since the 60s. This contribution is, with a few exceptions, paid completely by the Flemish region (Van Wesemael, 1995, p. 3). Until 1991, the contribution of the government to 'De Lijn' or her predecessors was the result of yearly discussions between the public transport company and the government. This did not lead to the determination of certain objectives nor did it involve a long-term planning or vision. What counted was that 'De Lijn' would close the year with a balanced account and, if possible, that the company would improve its cost-efficiency every year, irrespective of what the consequences would be for the supply of services by 'De Lijn'. Moreover, the determination of the budget was no more than the result of budgetary negotiations. Therefore, most of the time the final budget for 'De Lijn' depended on what was available on the general budget of the government (Van Wesemael, 1995, p. 4).

The conclusion of a management contract wanted to rule out several of these disadvantages, because the contract allowed for long term planning. Secondly, a management contract made it possible to define and determine mutual rights, obligations, objectives and commitments. Thirdly, it assured the contribution by the government according to an agreed calculating method (Van Wesemael, 1995, p. 5).

'De Lijn' currently has about 40 000 bus stops. For the delivery of its services, the company uses 2190 buses, 258 trams and 20 trolley buses. It has 7303 employees (www.delijn.be).

'De Lijn' puts out to tender part of its services to private operators. The introduction of competition between these private operators brought about quite some changes in the sector. Some chose to sell their company to important international actors, such as Connex Belgium and Eurobus. Others chose to remain independent. They did, however, organise themselves into cooperatives. This is how Intrabus was created (www.fbaa.be). By doing so, they wanted to defend themselves against big foreign enterprises that had been taking over quite a lot of Flemish private operators these last years (Blauwens, 2001, p. 92). Still others chose to remain independent and did not organise themselves into bigger associations. All these private operators offer bus services (www.fbaa.be).

The already mentioned Eurobus counted 1157 employees in 2003. Around 67 % of its transport activity was dedicated to the exploitation of public bus lines, primarily for 'De Lijn' and TEC. Eurobus is one of the largest private operators active in public transport in Belgium (www.eurobus.be). Connex Belgium is also one of the largest private bus operators in Belgium. The company runs urban and regional bus lines. It operates in 6 out of the 10 Belgian provinces through its 17 subsidiaries. It counts 981 employees (www.connexbelgium.be).

The Walloon bus operator is, like the other bus operators, a public enterprise. The shareholders are the Walloon region, the provinces, and the municipalities. TEC has 4795 employees and 2186 busses (www.infotec.be). It has five subsidiaries that each have a public law status. These subsidiaries are responsible for the exploitation of the public transport in the Walloon region. Each subsidiary operates in a certain geographic area determined by the Walloon government. The municipalities situated in those geographic areas can at the most own 49% of the shares of these subsidiaries. The rest of the shares belong to the mother company TEC (Blauwens, 1999, p. 95).

The last important actor when it comes to urban and regional transport is the NMBS. The autonomous state enterprise NMBS is a limited company of public law (FOD Mobiliteit en Vervoer, 2004). The organisation of the incumbent the NMBS has over the last years undergone a couple of changes due to the liberalisation of the railway sector. The first EU directives regarding railway transport were transposed into Belgian law in the period 1997-1999. As a consequence a separation of accounts between the network and the exploitation was introduced (Mistiaen, 2005, p. 22). A second important step in the reform of the old Belgian company the NMBS was taken in 2005. In that year the NMBS was divided into three parts: NMBS holding, Infrabel and NMBS NV. All personnel of the NMBS falls under the NMBS holding, so that they would all have the same statute. The holding is controlled completely by the Secretary of State responsible for state enterprises. The holding in turn controls the exploitation enterprise NMBS NV. The holding also owns 92, 66 % of Infrabel. The other 7, 34 % are in hands of the federal government (Crals, 2006, p. 83). Infrabel is responsible for the management of the infrastructure of the railways. The NMBS NV is in charge of the exploitation and transport. Furthermore, Infrabel has to publish a declaration regarding

the network. This declaration contains the necessary information for the candidates who which to use the railway infrastructure to organise transport (Mistiaen, 2005, p. 23). As already mentioned, Infrabel also acts as a regulator. Finally, the NMBS holding has to coordinate the activities of the NMBS NV and Infrabel, while respecting the independence of Infrabel (www.nmbs.be). The new organisation of the NMBS is now in line with the EU directive (Mistiaen, 2005, p. 23). The NMBS currently employs approximately 38 000 people (NMBS, 2006, p. 2).

Table 3: Actors

Before reforms	After reforms
<p>MIVB:</p> <ul style="list-style-type: none"> - Private-public ownership Public law company 	<p>MIVB:</p> <ul style="list-style-type: none"> - Public ownership Public limited company
<p>NMVB:</p> <ul style="list-style-type: none"> - Coöperatieve regie van openbare besturen Public ownership 	<p>De Lijn:</p> <ul style="list-style-type: none"> - Autonomous state enterprise Public ownership
<p>NMBS</p> <ul style="list-style-type: none"> - Public ownership 	<p>TEC:</p> <ul style="list-style-type: none"> - Outsourcing to private operators <p>NMBS</p> <ul style="list-style-type: none"> - Public ownership Limited company of public law - Division into NMBS Holding, Infrabel & NMBS NV

4. *ROLE OF GOVERNMENT AND OTHER STAKEHOLDERS*

4.1. *Role of Government*

The federal and regional governments of Belgium are all involved when it comes to urban and regional transport, since the responsibility for the railway company is situated at federal level, whereas the responsibility for the bus companies can be found at regional level. However, at each level a similar division of tasks can be found. In all four cases, it is the Minister responsible for mobility and its department that is in charge of policy making. All other roles of government, such as government as an owner and government as a regulator, are all taken care of by the respective Minister and its department. This means that there are conflicting roles in the case of urban and regional transport. A few methods have been designed, however, to minimise the tensions between these different roles. First of all, all companies discussed (De Lijn, MIVB, TEC and NMBS) have a certain degree of autonomy guaranteed by their statute which

allows them to take decisions independently from government. Secondly, the signing of a management contract is another instrument used to safeguard the independence of the companies. Finally, the composition of the Board of Directors is also important in this respect. There are also other representatives, such as from the local governments, the employers and employees, seated in the Board of Directors. They act as a counterweight for the representatives of the regional government, which is the responsible government in the case of the public bus operators.

4.2. Other stakeholders

Belgium has an organisation, the ‘Bond van Trein-, Tram- en Busgebruikers’ that specifically represents the users of train, tram and bus services (www.bttb.be). The consumer organisation Test-Aankoop also closely monitors the urban and regional transport sector. Test-Aankoop does so by organising surveys (www.test-aankoop.be).

Labour unions also play an important role in this sector. They closely monitor what is going on in the sector and react with strikes when necessary. The negotiation of the management contract, for instance, is of special importance to them (Llc, 2004).

4.3. Conflicts

These last years (end of 2004 – beginning of 2005) have been characterised by social unrest, with a couple of strikes as a result (De Mesmaeker, 2005, p. 6). For instance, MIVB had several strikes in Brussels due to a social conflict that was caused by the difficult labour situation (BTTB, 2004). There have also been a couple of strikes sparked by security problems on several bus lines in Belgium (Maeckelbergh, 2006 & WLE, 2006). The aim of ‘De Lijn’ of increasing the share of exploitation by private partners to 50 % has also caused strikes (CG, 2004)

5. CONCLUSION

The three bus operators, ‘De Lijn’, MIVB and TEC, each have a monopoly regarding the organisation of public transport in their region. The MIVB, on the one hand, operates all services itself. ‘De Lijn’ and TEC, on the other hand, outsource part of their services. However, only ‘De Lijn’ uses competitive tendering as a mechanism to grant these contracts to private operators. In other words, only here an element of competition has been introduced. This sector is not only characterised by the limited level of competition that can be found. What is also distinctive is the fact that this sector is heavily regulated. Most of the regulation is now regulation by contract, instead of the regulation by law that used to be prominent. Finally, since the regionalisation of Belgium there have been no changes regarding the ownership.

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De Lijn: www.delijn.be

Eurobus: www.eurobus.be

Federatie van de Belgische Autobus- en Autocarondernemers en van Reisorganisatoren:
www.fbaa.be

MIVB: www.stib.irisnet.be

NMBS: www.nmbs.be

TEC: www.infotec.be

Test-Aankoop: www.test-aankoop.be