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FINANCING TRANSPORT INFRASTRUCTURE

Proceedings of Seminar J

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FINANCING TRANSPORT INFRASTRUCTURE

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**TOWARDS MARKET ECONOMY:
PAST PRESENT AND FUTURE POLICIES IN THE
INTERCITY BUS TRANSPORT IN EGYPT**

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INTRODUCTION

The Egyptian transport industry is undergoing substantial changes within the framework of the national economic reform programme. There is a tangible move towards deregulation and privatisation. The current position could be mainly described as a relaxation of the controls over nationalised transport companies and a loosening of the administrative regulation. The changes are meant to restructure public transport companies and transform them into market-oriented companies.

These are difficult times for any transport company. The company that pushes its way through these changes and adapts itself to the new environment is the company that is most likely to successfully survive. This could be attained through dynamic management where targets are clearly set and defined, environment is thoroughly studied, policies are well chosen, decisions are correctly implemented, performance is monitored and evaluated and necessary modifications are carried out.

This paper reviews the intercity transport policies in Egypt with emphasis on the intercity bus transport. This is currently provided by four bus companies each serving a different geographical area: the West, Mid and East Delta companies covering the Delta region and the Upper Egypt company which mainly serves the north-south Nile corridor.

The intercity passenger transport in Egypt is not a monopolistic sector. According to 90/91 statistics of the Egyptian Transport Planning Authority (ETPA) the modal share for intercity public transport is split as 38% trains, 20% buses and 42% shared taxis. There has always been a form of competition between government owned modes (the railway and the bus companies) and privately owned modes (shared taxis). The government owned modes have been subsidised and controlled by government Laws and regulations. Quality control in terms of size, safety and reliability of the shared taxis is exercised by the government. Quantity control in terms of route and schedule, and the specification of the fare structure for the shared taxis are both exercised by the General Union of Labour for Inland Road Transport. However, many taxi drivers are defacto free from regulations.

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HISTORICAL REVIEW OF THE INTERCITY BUS TRANSPORT IN EGYPT

The following table, adapted from a study carried by El Hawary & Associates and JMP Consultants LTD (1986) for the ETPA, displays the main historical periods of the intercity bus transport in Egypt.

Table 1: Historical periods of the intercity bus transport in Egypt

First Period (1923 - 1945)	Second Period (1945 - 1960)	Third Period (1961 - 1991)	Fourth Period (1991 to present)
Beginnings of Public Transport in Egypt - Free non-organised market - Capitalist environment - Individual operators - Unconditional licences - Towards the end of this period licencing fees at differential rates	Development of Private Sector & Beginning of Public Transport Operations - Ownership, operation & prices were regulated - Limited operator's profits - Overall control to the government - Concessions awarded to make bus operations attractive - 11 companies awarded licences to operate intercity bus services - Public Organisation for Inland Transport on Roads was established - Overall responsibility for intercity bus transport - Beginnings of nationalisation of road-based public transport	Complete Nationalisation of the Private Sector & Growth of the Public Sector - Nationalisation of the 11 intercity bus companies - Integrated into 9 companies and then into 4 companies - General Organisation of Internal Transport of Intercity Passengers was established (including the four bus companies) - General Public Authority for Inland Road and River Transport was established to replace the previous organisation and include the four intercity bus companies	Presented Below

Fourth Period (1991 to present day)

In light of the government plans to encourage the private sector and free the public sector from most constraints, a new Public Business Sector Law no. 203 was issued in 1991. The mentioned decree is concerned with the formation of Holding Companies and their affiliate companies. The new Law should be looked upon as promoting and supporting public companies to be market-oriented rather than totally privatising these companies.

At present the provisions of this Law no. 203/1991 apply to the intercity transport sector. A Holding Company for Inland Road and Water Transport has been established. The Holding Company replaced the General Public Authority for Inland Road and River Transport. Twelve affiliate companies, namely four intercity bus companies, five road freight companies, two water freight companies and one vehicle repair company replace the companies previously supervised by this authority.

PERFORMANCE OF INTERCITY BUS COMPANIES

In order to identify the most critical problems and issues that the application of the new Law no. 203 is likely to encounter, historical data on the financial and productivity aspects of the four intercity bus companies in Egypt is presented. All data is taken from ETPA statistics.

Financial Performance

Performance indicators, including measures of efficiency and effectiveness, play an important role in the evaluation and assessment of the performance of intercity bus companies. Efficiency is concerned with the inputs used to achieve results while effectiveness is concerned with the degree of achievement of these results.

The main financial trends of the intercity bus companies are presented in Figure 1. The patterns include the total cost, the total revenue and the total invested capital. The percentage increases, over the past 10 years, of the total cost, total revenue and total invested capital are consequentially 233%, 242% and 269%.

The operational cost effectiveness is computed as the ratio between operating revenue and operating cost. The average value of this indicator, over the past 10 years, is approximately 1.00. Inefficiency in operation; problems related to the fare structure i.e. low and concessionary fares; and problems related to fare collection such as "fare evasion" high number of passengers not paying the fares, "overriding" passengers travelling further than entitled by the fare paid and pilfering of fare revenues by conductors; all are considered to be major reasons behind the insignificant profitability of intercity bus companies. In fact all of the bus companies are just capable of covering their operating costs.

The following table displays the average percentages of the main cost components calculated over the past 10 years. It is obvious from the table that wages constitute the most significant cost component. This is probably due to the overstaffing of the companies rather than to high levels of salaries. A staff productivity indicator could be computed as the number of employees per average number of buses operating in a day. The average value of this indicator, over the past 10 years, is 9 working staff per bus.

Table 2: The average percentages of the main cost components for the intercity bus companies in Egypt (computed over the past 10 years)

	Wages	Production Requirements	Depreciation & Other	Other non-Operational Cost
Relative to Operating cost	44%	26%	30%	X
Relative to Total Cost	41%	24%	28%	7%

1 Sterling Pound \cong 6 Egyptian Pounds (L.E.)

The companies have very limited control on changing the fare structure. Low fares has been one of the most important government social policies to help low income groups. Companies have been trying to bypass the constraints of controlled low fares by introducing high quality of services in terms of air-conditioning, videos, toilets, good catering, comfortable seating, night scheduling. These services are charged higher fares. In many cases this has proven to be a successful experiment generating extra revenue that allowed the companies just to break-even.

Two other measures of financial performance are displayed in Figure 2. The first is the average operating cost per 1000 pass.km. This is an indicator of the level of expenditures per unit consumed with a 78% increase over 10 years time. The second measure is the average operating revenue per 1000 pass.km. This is an indicator of the level of earnings per unit consumed with a 112% increase over 10 years time. It is obvious from the trends that the average operating revenue per 1000 pass.km is now increasing at a higher rate than the average operating cost per 1000 pass.km. The point in time of this change i.e. year 85/86 coincides with the introduction of the special services mentioned in the previous paragraph.

The companies have received loans at preferential rates. According to Saleh (1986) a form of foregone income could be defined as the revenue that might have occurred from saving money (whether the total cost or the total invested capital) in an Egyptian commercial bank. Figure 3 displays curves presenting two foregone incomes: the first is computed relative to the total cost while the second is computed relative to the total invested capital. In both cases the interest rates that might have been offered by the Egyptian commercial bank are taken as 5% for the years 81/82 until 84/85 and 9% for the rest of the years until 90/91.

According to the new Law there would be a minimum of government interference regarding fare structures and companies would be relatively free to raise, probably gradually, their fare levels. On the other hand, no more subsidies or concessionary loans with low interest rates or longer periods for repayment will be offered to the Holding Company for Inland Road and Water Transport or to any of its affiliate companies.

Operational Performance (Productivity)

One of the most important performance indicators is operational effectiveness. This indicator is computed as the ratio between the average number of buses operating in a day and the average number of buses available for operation. The average value of this indicator, over the past 8 years, is approximately 0.8. The same indicator computed relative to the total number of buses constituting the fleet is 0.75.

Actual demand on the bus services could be represented by the number of passenger.km consumed (service consumption). The produced service is measured as the number of seat.km produced (service production). Figure 4 shows that the percentage increase over the past 10 years, of the actual demand is 75% while that of the produced supply is 45%. There has been a considerable lack of investment in increasing the intercity bus fleet size. This could be signified by the small increase of 11% in fleet size over the past 10 years.

The load factor is computed as the ratio between the service consumption (pass.km) and the service production (seat.km), shown in Figure 5. The average value of the load factor computed over the past 10 years is approximately 1.2. This demonstrates the existence of high demand levels. The increasing trend of the actual demand indicates an expected increase in potential patronage in the future.

As previously mentioned, the modal share of the intercity bus transport has been relatively low compared to the shared taxis. The ineffectiveness of operation as well as the limited increase in the fleet size of bus companies combined with the high load factors are the main reasons for the emergence of the para-transit mode (the shared taxis) to fill the gap. Several factors affect modal choice in Egypt, the most significant of which are the fare paid and the availability of service. However, it is expected that customers familiar with existing bus companies would still tend to use these companies specially when considering safety standards and reliability. If the bus companies are capable in the future of providing adequate supply in terms of quantity and quality of service, they are likely to increase their modal share and take a bigger portion of the intercity passenger transport market.

PAST PRESENT AND PERCEIVED FUTURE OF INTERCITY BUS TRANSPORT

The following table presents a comparison between the past, present and perceived future of the intercity bus transport in Egypt. Drawn from the literature and discussions with transport experts and professionals several criteria are chosen as a basis for this comparison. These are meant to give a comprehensive view of many of the aspects that affect the transport industry in general and the intercity bus transport in particular.

Table 3: Comparison between the past, present and perceived future of the intercity bus transport in Egypt

Criteria of Comparison	Recent Past	Present (1992)	Future (1995 ?)
1. Deregulation	no	on going	yes
2. Privatisation	no	likely	yes
3. Government Involvement	yes	decreasing	minimal
4. Planned Integration & coordination	yes	loosening	minimal
5. Monopoly of provision & operation	no	no	no
6. Attractiveness of entry (environment + conditions)	low	promising	hopefully high
7. Quantity control (route & schedule)	yes	yes	no
8. Quality control (safety & reliability)	yes	yes	yes
9. Driver & vehicle licencing	yes	yes	yes
10. Funding	governm. loans	have to find	own sources
11. Pricing policy	controlled	less controlled	free
12. Fares	low	liable to change	market oriented fares
13. Concessionary fares	yes	yes	liable to change
14. Debts	heavy	heavy	financial restructuring
15. Direct subsidy	no	no	no
16. Indirect subsidy	yes	no	no
17. Cross subsidy among companies	no	no	no
18. Cost control (cost minimisation)	low awareness	Increasing awareness	high awareness
19. Company structure (organisational)	rigid	less rigid	flexible

Table 3: Continued

Criteria of Comparison	Past	Present	Future
20. Market pressures	slight	started to increase	strong
21. Market awareness	slight	started to increase	strong
22. Modal competition	yes	yes	yes
23. Within mode competition	little	moderate	increasing
24. Service discrimination (quality & fares)	little	moderate	strong
25. Ownership	government	government	government/private (shares)
26. Objectives	political/social	satisfactory	profit
27. Management	governm. plans	managing	the change
28. Decision making powers	limited	strong	very strong
29. Legal constraints	many	less	minimum
30. Hire/fire power	restricted	less restricted	unrestricted
31. Salary structure	rigid	flexible	more flexible
32. Appraisal	productivity (performance norms)	financial and performance norms	productivity + satisfactory return on invested capital
33. Accountability	internal/self	external	external
34. Training	limited	improving	high level
35. Information systems	limited	developing	developed & working
36. Introduction of computers	limited	developing	developed & working
37. Technological efficiency	limited	limited	improving
38. Innovation	limited	limited	improving
39. Financial effectiveness	poor	poor	improving
40. Operation Effectiveness	low	low	improving
41. Quality of service	low	acceptable	improving

The paper goes on to discuss several general aspects of the intercity transport industry in light of the new Law no. 203 and concentrating on the intercity bus transport.

ORGANISATIONAL STRUCTURE

The pre-hierarchical levels of management in the Ministry of Transport are displayed in Figure 6. The Figure shows three levels of management. The first level is the level of the Ministry itself in conjunction with the ETPA and the Egyptian National Institute of Transport (ENIT) where in both organisations the minister of transport is the chairman of the board of directors. This level is responsible for strategic planning and regulatory decision making that have long term effects as well as for training, research and consultancy. The second level is that of transport authorities. Their responsibilities is for short term planning and implementation. The third level is that of the transport companies. These companies are responsible for the execution, operation and direct supervision of all the plans and programmes of the two higher management levels.

The main organisational changes that the new Law no. 203 has brought are displayed in Figure 7. As shown in the figure, a Holding Company for Inland Road and Water Transport has been formed to replace the General Public Authority for Inland Road and River Transport. The same twelve companies that previously followed the authority now follow the formed Holding Company as its affiliate companies. The Holding Company for Inland Road and Water Transport, among other Holding Companies in other sectors, is currently under the auspices of the Minister of Public Business Sector.

A general assembly for the Holding Company for Inland Road and Water Transport has been formed. The members of the general assembly are chosen from academics, practitioners and experts covering a multidisciplinary of areas. The general assembly shall determine the targets for the Holding Company.

This assembly in turn has chosen the board of directors responsible for managing the Holding Company. The board of directors is formed by one full time chairman, a representative of the general federation of the Trade Unions of Egypt and up to five other members.

Extracts from the Law no. 203 summarising the responsibilities of the Holding Companies and their affiliate companies are presented in Appendix I, (Al Wakaie Al Missriya, 1991).

GOALS AND OBJECTIVES

Within the framework of the public policy of the state, Holding Companies shall contribute to the development of the national economy in their field of activity and through their affiliate companies, satisfying needs and demands in an effective and efficient manner.

One of the major changes that the new decree brings is that the Holding Company would have the role of the owner of the affiliate companies. The Holding Company sets the strategic objectives for the affiliate companies and the affiliate companies are accountable

for achieving these objectives. The affiliate companies have complete freedom in setting their own internal rules and regulations which suit their condition and nature and are free to choose their policies and to make decisions to implement these policies.

Therefore the concept of accountability comes external to the companies in contrast to the previous situation where it was self or internal accountability i.e. the boards of directors of companies were formed mostly out of departmental heads working within the companies. In contrast the boards of directors of Holding Companies and its affiliates are chosen from among people working outside the companies. Figure 8 shows the pyramid of accountability.

The chairman and members of the board of directors of the company may not be re-appointed if the targeted objectives of the company are not achieved during the membership term. In the light of all the old Laws, there were some successful managers and some others unsuccessful. In the light of the new Law only the successful ones would survive and prevail.

The main objective of a Holding Company and its affiliate companies would be profit maximisation. In the transport industry this might sometimes conflict with the objectives of transport in some areas i.e. transport being a social service to many people rather than being a commercial product to be sold in the market. A problem might arise concerning concessionary fares. To cater for this problem the government could still repay operators for providing concessionary fares to a limited number of users eligible for such low fares e.g. handicapped, pensioners, children, students, military personnel. The operating companies could also be reimbursed for running socially desirable, though uneconomic, services.

Therefore the speed by which companies in the intercity bus transport move towards full or even partial privatisation should be carefully monitored and if need be adapted to avoid any serious socio-economic problems or political unrests.

POLICIES

Most of the public bus companies are suffering from almost the same symptoms in terms of weak financial performance as well as low quality of service. However, the prescription to these symptoms will differ from one company to another depending on several factors:

1. information about the company's costs and capacities;
2. the current market environment and forecasts of market development (market potential);
3. information about competitors (market share);
4. information about customers (elasticities of demand relative to fare changes and/or service changes); and
5. other external influences.

Policies should be directed towards satisfying the current level of demand and attracting more demand while keeping the company profitable i.e. growth and profitability. This could be achieved by policies like fleet renewal, improving levels of services, good choice of locations for pick up and set down points, proper terminal facilities, market segmentation, selective pricing, attractive travelling incentives such as discounted fares and travel cards, well designed marketing policies, and tightly designed systems for revenue collection.

Renting of service either by contractual agreement and/or franchisements and vehicle leasing to reduce capital investments are other measures to be considered.

At the same time policies should be targeted towards reducing both the operating and non-operating costs of running the companies. The main policies for reducing costs that can be followed are reduction of overheads, increasing the efficiency of utilisation of production requirements and optimising staff productivity.

While the Holding Company might have to gradually adopt the concept of pay for what you get, this will be at the end of the day in favour of users. The fare structure might rise but probably this would be accompanied by an improvement in the level of service and an increased effort towards successfully marketing the service.

LEVEL OF GOVERNMENT INVOLVEMENT

The government through the Minister of Public Business Sector has set out criteria for choosing the companies that will be liable for privatisation over the short term period.

1. These should not be strategic companies.
2. Small to medium companies.
3. These should not be heavily employed companies.
4. These should not be companies that might have harmful environmental effects.
5. Companies that are highly attractive to the private sector.

The inland transport companies are considered to be of the companies satisfying most of these conditions. However there is always a fear that the current deregulation would not materialise into a future privatisation but rather into another form of regulated monopoly of the intercity bus transport. In the transport sector it is always thought that the government may intervene for example to:

1. help in achieving more equity;
2. promote land development;
3. sustain employment opportunities;
4. restrain selfish monopoly; and
5. make good use of national resources.

The general belief is that the transfer from planned economy towards market economy will take some time to stabilise. The time element in the process of change is extremely important. Continuous monitoring, review and assessment of the behaviour of the economy is a must. The government can still intervene through legislation to change, modify or adapt the goals, objectives, policies and organisational structures.

MANAGEMENT OF HUMAN RESOURCES

The company in conjunction with concerned general trade union shall lay out the regulations relating to its personnel policy. The following points extracted from the Law no. 203 are observed in laying down the rules regulating personnel affairs, (Al Wakaie Al Missriya, 1991).

First: every company shall have an organisational structure and a table of positions compatible with the nature of the company's activities and objectives.

Second: the wages system should comply with the minimum prescribed by Law. Financial incentives should be within a scale much higher than the normal scale of salaries.

Third: linking wages, incentives, allowances, bonuses and other compensations and monetary benefits of the employees to the production or turnover by the company and the profits realised.

Other important aspects related to management of human resources include:

1. high quality of leadership;
2. concentrate on building groups of people in a team structure;
3. more delegation of responsibilities and decision making power; and
4. instigate a feeling of ownership among employees through consultation and incentives, company employees to have a share of the profits to be distributed, incentives to be given in return for dedicated workers and should be awarded fairly and in accordance with the level of performed work.

No more employment except when really required and cross movement of excess employment between affiliate companies of the same Holding Company. There must be alternative forms of transitional training to give redundant employees or the under-employed new required skills and transfer them to places where they are needed. In this case the Social Fund created from donations and grants of several countries under the auspices of the World Bank would be used to absorb the labour force of these companies.

Stemming from the acceptance by the Ministry of Transport that the main valuable asset is human resources, the Ministry has established the ENIT to be a centre of excellence for transport education, training, research and consultancy in Egypt. This organisation is perceived to have a significant role in the transitional period that the transport industry among other industries is currently moving through. The following section explores the role played by the ENIT.

ROLE OF THE EGYPTIAN NATIONAL INSTITUTE OF TRANSPORT

The main mission statement of the ENIT is to prepare specialists in the field of transport from highly educated personnel and generally to raise the scientific level of personnel working in the transport sector as well as in other inter-related sectors. Also to carry out studies and research, to coordinate the scientific and practical activities, and to organise training courses and seminars in the transport field. In order to achieve this mission statement ENIT is particularly responsible for:

1. Preparing specialists in various transport areas required for the transport sector from the engineers and other qualified graduates from universities or high academic institutes. This preparation includes studies concerned with transportation planning and transport economics.
2. Organising scientific and practical seminars and training courses for personnel working in the transport sector and other interrelated sectors so as to raise the efficiency of employees specially in the fields of planning, organisation and management.
3. Conducting theoretical and practical research and studies concerned with transport and suggesting solutions to practical transport problems.
4. Providing the scientific, technical and academic consultancy to the different transport sectors and concerned authorities as well as conducting studies required by these authorities.
5. Sponsoring internal and external scientific and practical missions for personnel to specialise both theoretically and practically in all branches of transport sciences
6. Developing a scientific library specialised in the sciences of transport and all other interrelated sciences. Also developing a centre for scientific documentation, review, translation and publication in all these fields.
7. Providing services to the Arab and friendly countries in its fields of speciality.

The institute should be playing a prominent role in the coming years of deregulation and privatisation of the transport industry. This role could be stated as deploying all the institute's resources for enhancing and supporting the achievement of the strategic goals and objectives of the Holding Company for Inland Road and Water Transport and its affiliate companies.

If transport companies are to succeed they should invest in training their staff converting them from typical government employees to business-oriented managers. On the other hand the institute has to prepare itself for the worst i.e. that companies might be unaware of the importance of training at this critical stage. In all cases the institute has to plan its future activities, to be more market oriented in terms of training needs, to develop its programmes and courses, to spend more money on publicity and to spread its services to other areas in a form of in-house training.

CONCLUSION

Privatisation is not the right phrase to describe what is currently happening in Egypt. What is really happening could be described as gradual movement towards privatisation achieved both by deregulation of the public sector companies and allowing more participation of the private sector.

In conclusion, several factors could be identified as the main contributors to the unsuccessful performance of the public sector bus companies. These include:

1. the lack of external accountability and incentives;
2. the orientation of the companies towards achieving social objectives rather than economic ones, this is signified by excessive numbers of work force, high operating costs, low fares and consequently low revenues;
3. the government control (strict regulations) inhibiting the power for making decisions specially decisions concerning investment and pricing;
4. the lack of strong competition within mode as each of the four bus companies is responsible for providing services for a certain geographical area;
5. the lack of research and innovative ideas; and
6. the lack of good planning techniques and helpful management approaches (decision support systems).

The first three factors are tackled by the provision of the Law no. 203. The main changes that the Law brings is the provision of more independence and so more administrative and decision-making freedom of previously public companies. This means no more government restrictions but at the same time no more government concessions. The final responsibility lays on the shoulders of the decision makers of the newly formed companies. The level of control or intervention from the government will be reduced to a minimum though still existing. The companies are free to draw out their internal regulations to suit their needs, requirements and objectives. This freedom is not wholly it is freedom within certain boundaries of maximum and minimum. For example a company is free to put its salaries regulations but still not to go beyond or above certain limits.

As regards to the fourth factor there are very few cases of overlaps between the provision of bus services. However one company namely The Arab Union for Inland Transport which has been established as a company providing bus services between some Arab countries including Egypt is also operating on very important corridors such as the Cairo-Alexandria and the Cairo-Port Said corridors. Thus this company has actually caused a limited but strongly felt within mode competition. It is expected that the private sector within the new environment would be attracted to form new companies to operate intercity bus services.

ENIT has a strong role in helping the bus companies to tackle the fifth and the sixth mentioned factors. ENIT can technically support the bus companies in planning their activities, predicting the future, managing the change, training their staff. This could be done through the introduction of computers and information systems both to the staff as well as to the companies. Also through conducting studies to tackle practical issues and hopefully to recommend scientifically implementable solutions. All in all this would assist the companies to tackle their problems in a more organised manner and would help decision makers to make better decisions.

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APPENDIX (I)

The board of directors of a Holding Company shall in particular:

1. Lay out the general policies and specify the means required for their accomplishment.
2. Form and manage the company's portfolio by selling and purchase of the shares, stocks, debentures and any other financial instruments and assets included in it.
3. Establish joint stock companies by itself (alone) or in participation with public or private artificial entities.
4. Purchase or sell shares of joint stock companies.
5. Undertake all actions required to rectify financial structures and progress course of its unsuccessful affiliate companies.
6. Approve the draft balance sheet and the closing financial statements prior to presenting them to the general assembly of the company.
7. Set performance standards and evaluate them and review reports submitted on work progress in the company.
8. Approve the company's organisation structure and lay out internal regulations for financial, administrative, technical and other aspects.
9. Undertake all actions that would help achieve all or part of its objectives.

An affiliate company shall be founded by a single Holding Company or by a Holding Company jointly with other Holding Companies or public artificial persons, public sector banks, individuals, or artificial persons of the private sector.

The affiliate company's board of directors shall prepare the administrative and financial systems, regulations, and instructions ensuring work order and regularity, as well as preparing and implementing the plans and policies, following up their execution, and providing guarantees of financial control and verification according to prescribed accounting norms and rules, and in accordance with the requirements of the company's nature and size of activities.

The holding or affiliate companies may be merged or divided to realise one or more of the following purposes:

1. Realising integration between the activities undertaken by the company.
2. Realising a bigger measure of competition between the companies.
3. Reinforcing the financial situation of merged or divided companies.
4. Benefiting from idle energies in certain companies.
5. Benefiting from the efficiency and experience of management as witnessed in certain areas and sites.
6. Increasing the company's ability to obtain credit and facilities from financial establishments at home and abroad.
7. Pooling the units which are geographically close together, so as to secure more effective control and supervision on them.
8. Increasing the profit proceeds of merged or divided companies.
9. All other purpose which contributes to consolidating the companies' activities and enhancing chances of success.

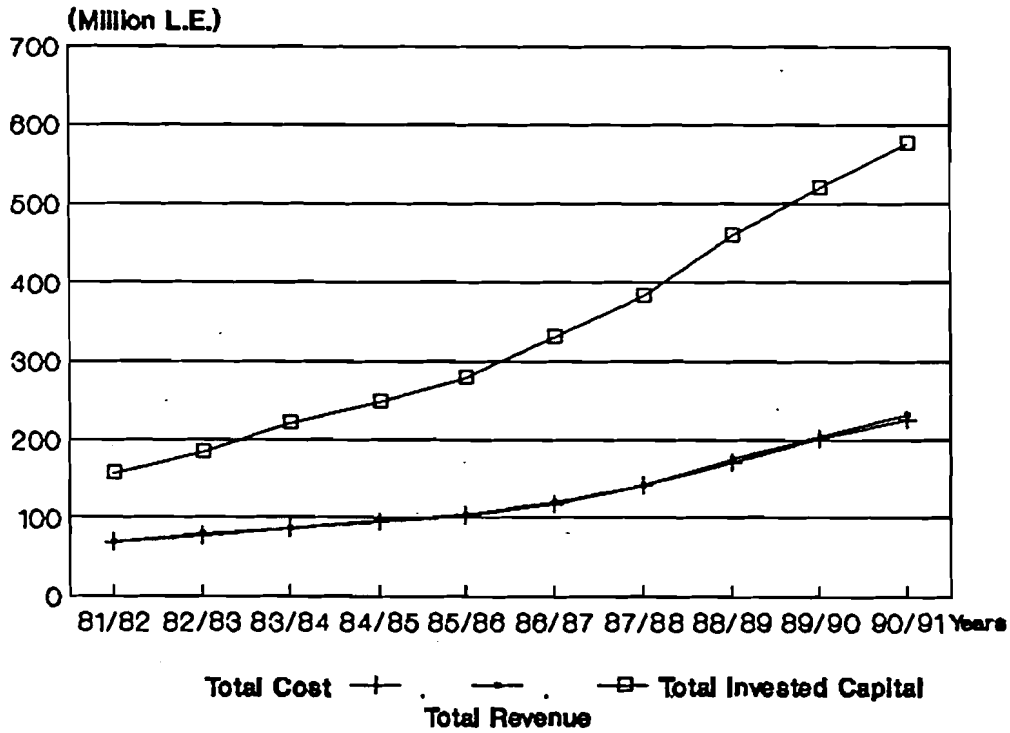


Figure 1: Financial trends of the intercity bus companies in Egypt

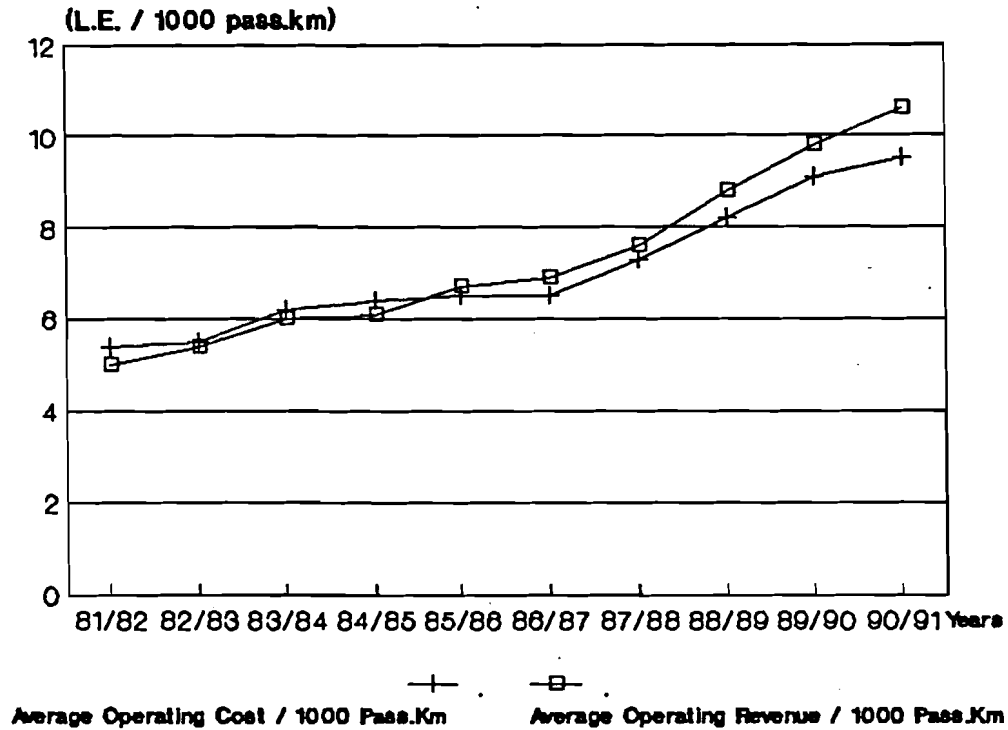


Figure 2: Two measures of financial performance for the intercity bus companies in Egypt

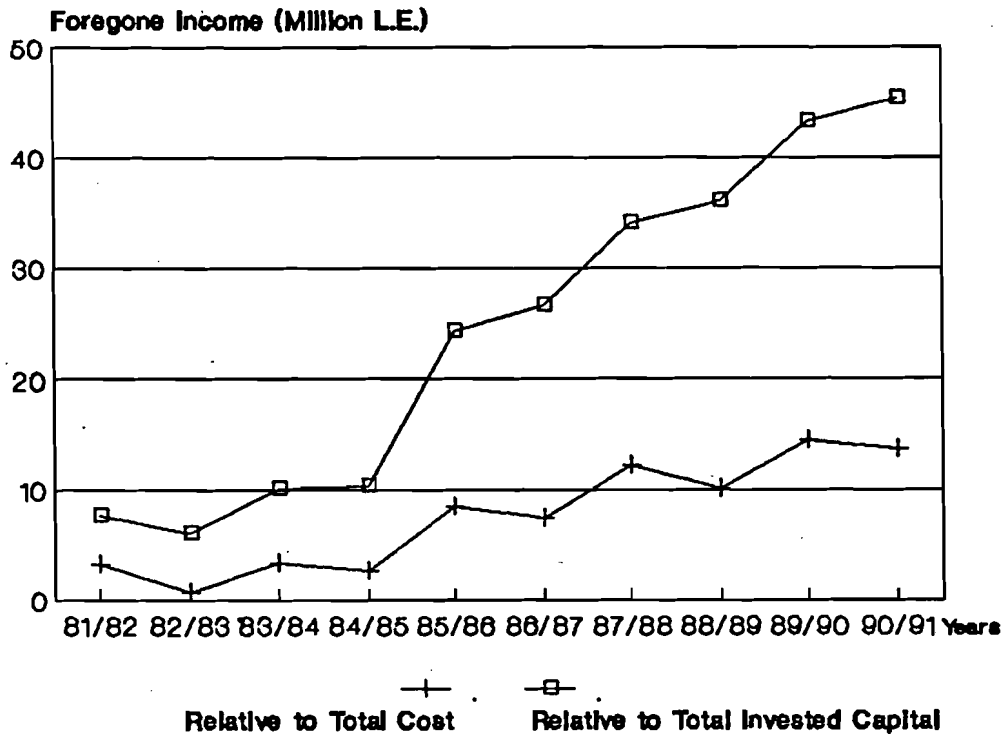


Figure 3: Foregone income patterns of the intercity bus companies in Egypt

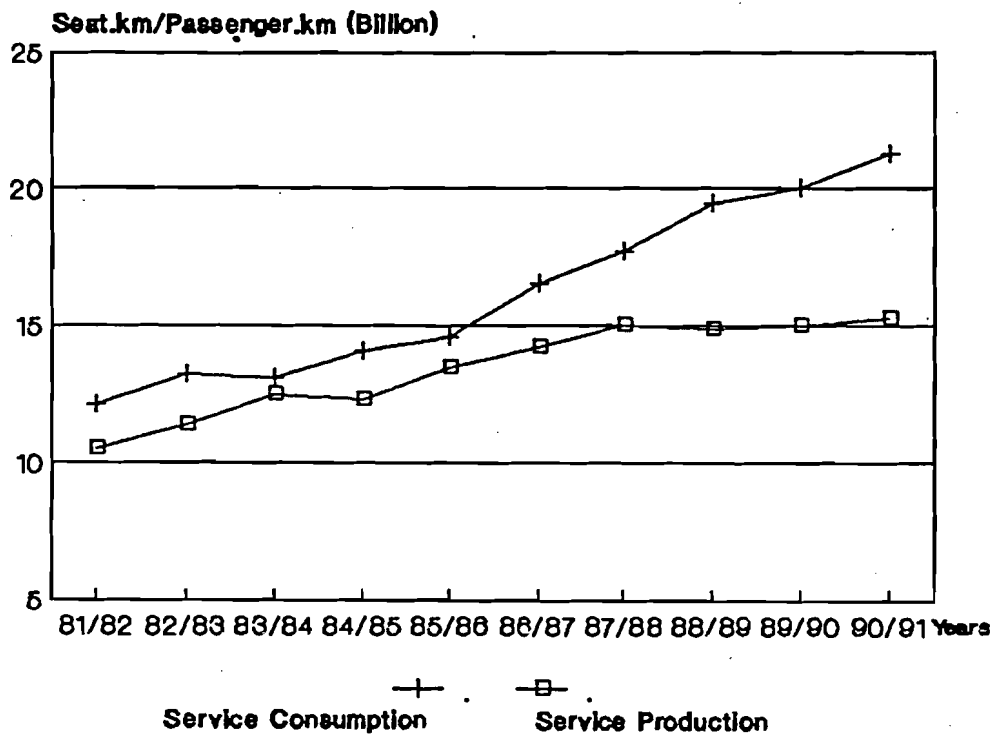


Figure 4: Actual demand on and supply of intercity bus services

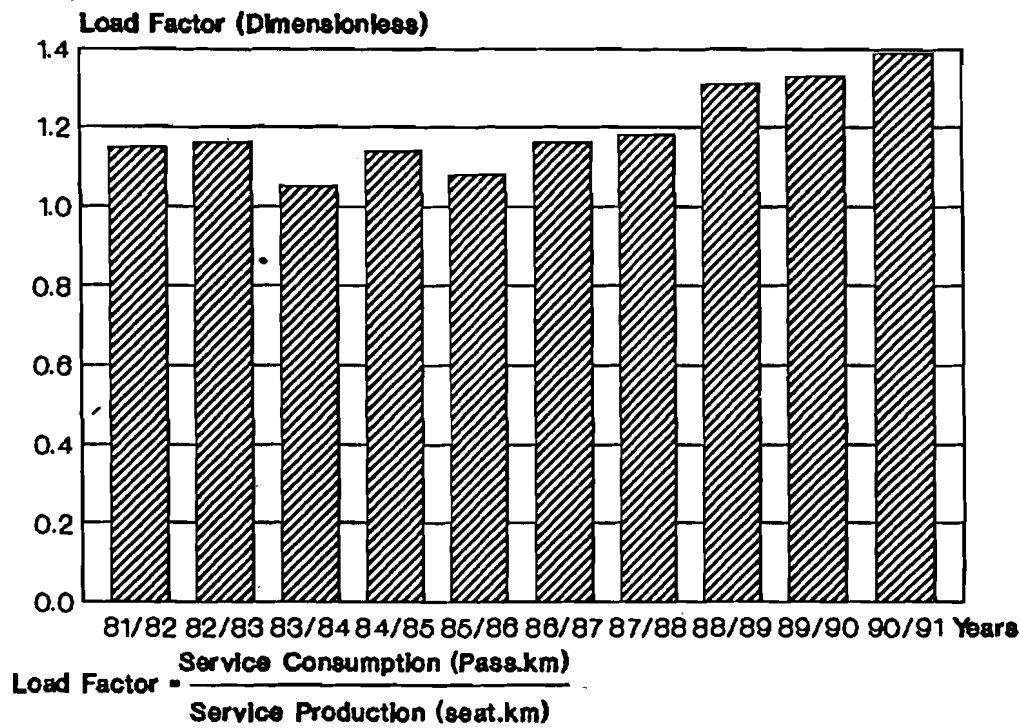


Figure 5: Occupancy factors of the intercity bus transport in Egypt

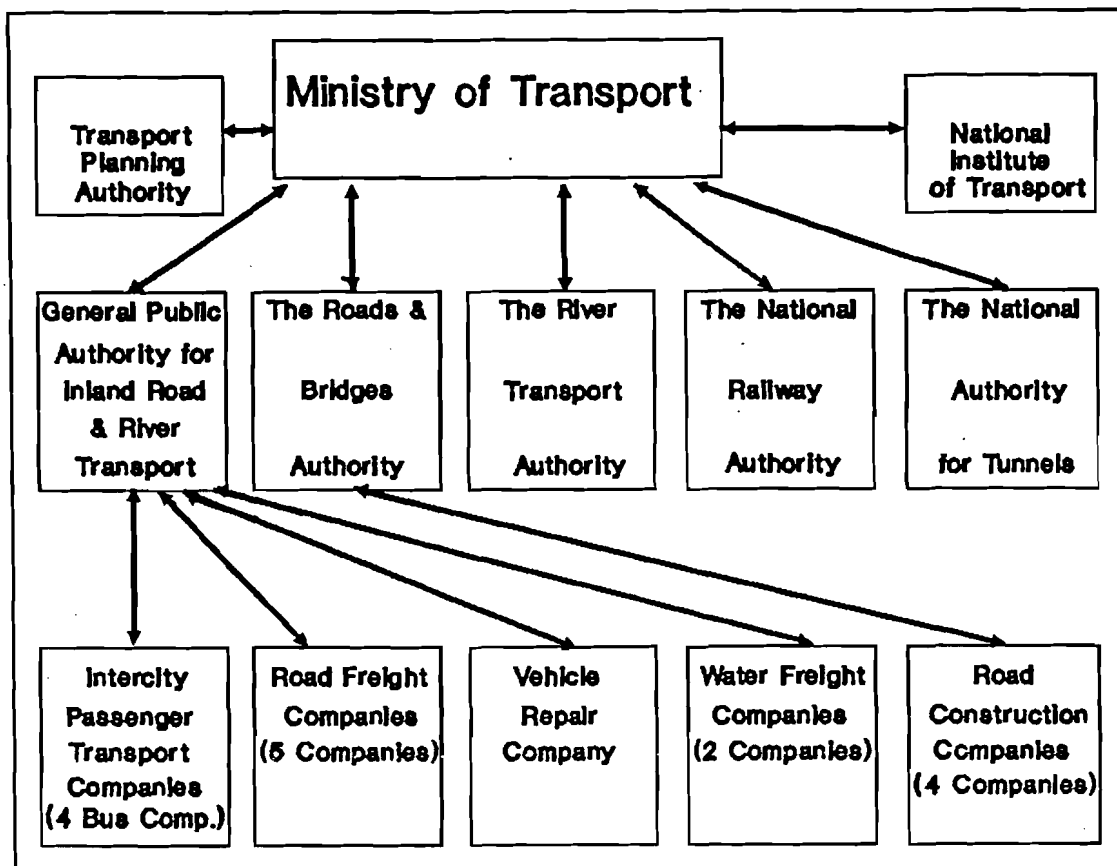


Figure 6: Pre-hierarchical levels of management within the Ministry of Transport in Egypt

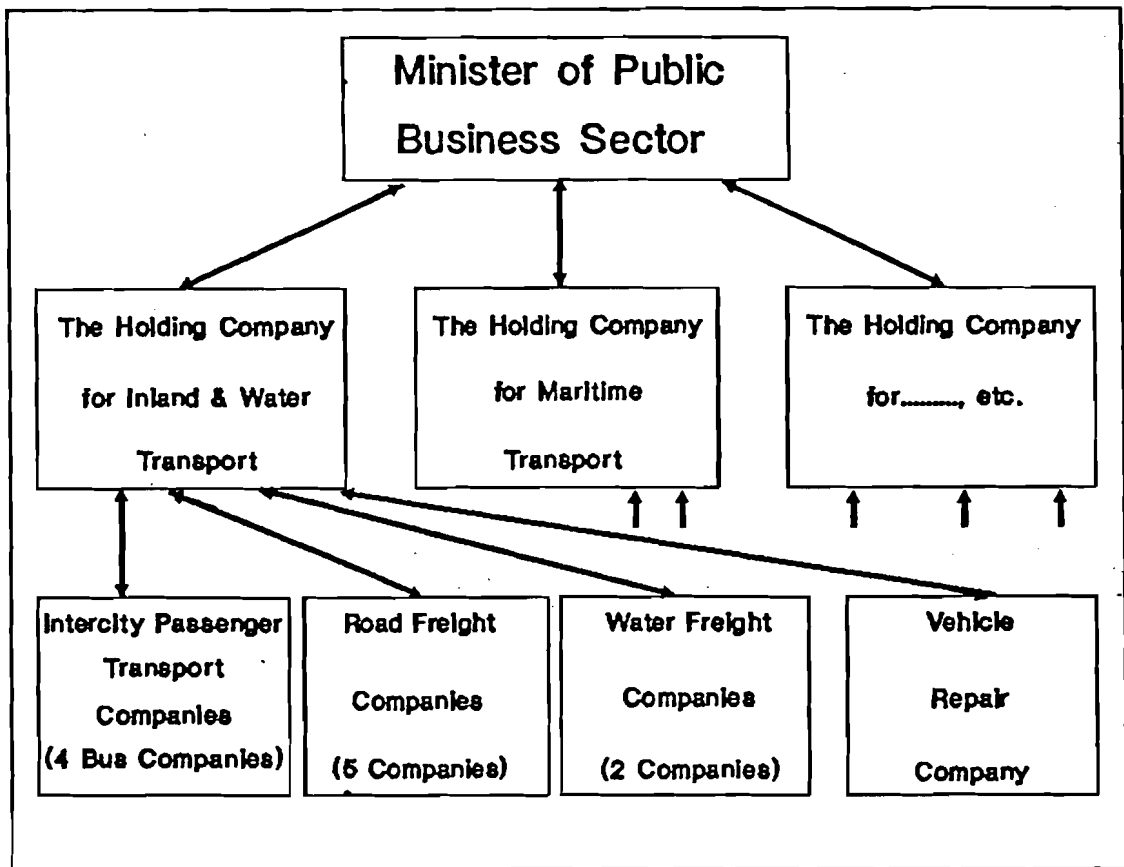


Figure 7: The formation of the Holding Company for Inland Road and Water Transport and its affiliate companies

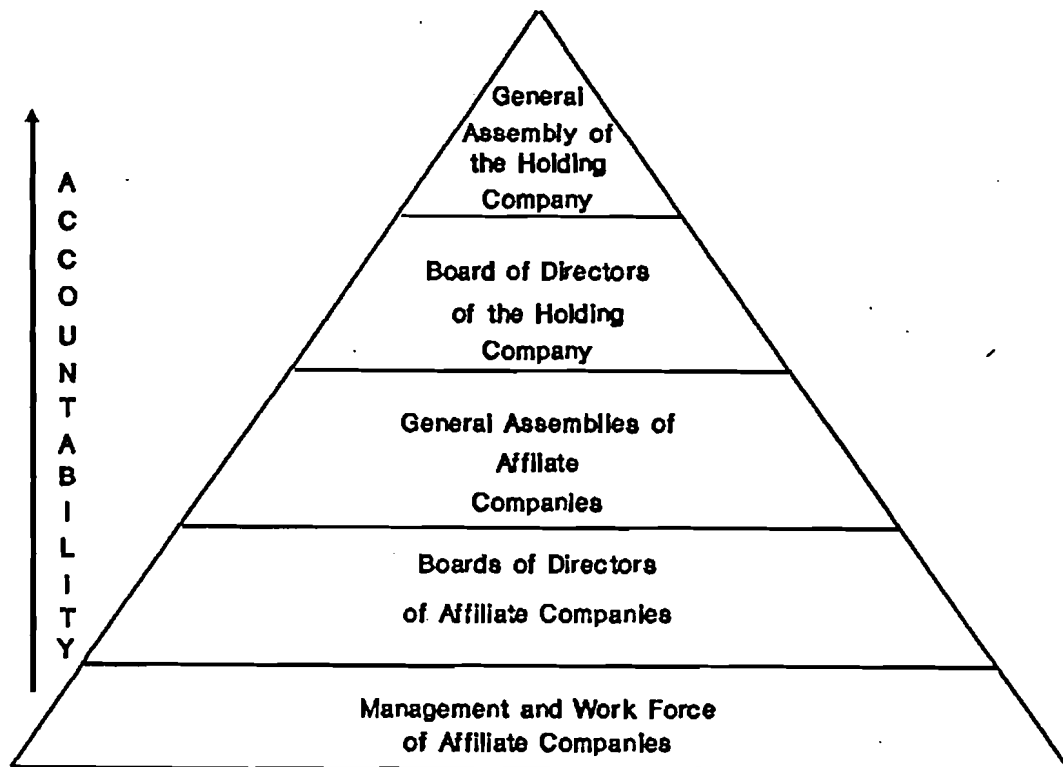


Figure 8: The pyramid of accountability according to law no. 203/1991