



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Regional Development: Ministerial Briefing

3 October 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Jimmy Spratt (Chairperson)
Mr Seán Lynch (Deputy Chairperson)
Mr John Dallat
Mr Alex Easton
Mr Ross Hussey
Mrs Dolores Kelly
Mr Declan McAleer
Mr Ian McCrea
Mr David McNarry
Mr Cathal Ó hOisín

Witnesses:

Mr Danny Kennedy	Minister for Regional Development
Mr David Orr	Department for Regional Development

The Chairperson: I welcome the Minister for Regional Development, Mr Danny Kennedy, and the permanent secretary in the Department, Mr David Orr. I would ask you to give your briefing, after which it is normal procedure to leave yourself open for questions.

Mr Danny Kennedy (The Minister for Regional Development): Chairman, thank you very much indeed for the opportunity to speak to the Committee. We are in a new session, so this is not quite a state of the union address but a state of the Department or whatever. I welcome those members who are new to the Committee and hope that we can have a constructive relationship, which we have always enjoyed.

There is quite a lot of ground to cover, so my briefing is likely to take some time. However, I am happy to leave time for members' questions and comments. My permanent secretary, David Orr, needs no introduction to the Committee.

Early in the session, it is good for me to be able to highlight the work that has been done and the main issues that we face in the coming months. Let me start with Translink issues. I know that Translink personnel will be talking to you later. I want to provide some departmental background. I intend to address the financial pressures that Translink will face over the next two years, but it would be useful to highlight some of the positives at the outset.

Passenger journeys exceeded 77 million last year and are on track to exceed that target in the current year. The number of rail journeys exceeded 10 million in each of the past two years. The introduction of 20 new trains, a programme of platform extensions and the Adelaide facility are on target. A new

timetable that expands services on the Coleraine and Whitehead lines is planned. The concessionary fare scheme remains in place unchanged. The Londonderry to Coleraine track project started in July and is due for completion within budget by next April.

The bus fleet continues to be upgraded, accessibility targets have been met, and there is a reduction in the average fleet age. Translink has met targets for customer satisfaction, reliability and punctuality set for it by the Department for Regional Development (DRD) in conjunction with the Consumer Council. Translink continues to meet its financial target, producing unqualified accounts with no significant governance issues.

Members have taken an interest in the issue of train drivers' pay. The Executive have invested heavily in new trains. A key benefit for new and existing rail users will be significant improvements to the timetable. An enhanced timetable requires more driving hours. The business case looked at options to deliver that, and the most cost-effective option was to negotiate a new pay arrangement. The agreement between Translink and drivers comprises a below-inflation rise in general pay over three years and a one-off sum for the efficiency package. The business case was shared with the Department of Finance and Personnel (DFP). As that was the lowest cost option to deliver the enhanced services, I did not intervene.

Broader financial issues brought to the Committee's attention some time ago about funding in 2012-13 and 2013-14 still exist. That is because of a significant reduction in subsidy as a result of the cross-departmental Budget settlement of March 2011. All public transport operators throughout the UK and the Republic of Ireland receive a public subsidy, and there is evidence that it is lower per capita in Northern Ireland than anywhere else. My officials have been working with Translink to explore how best to address the shortfall projected for the next two years, and I have also asked the performance and efficiency delivery unit (PEDU) to assist Translink in finding further efficiencies. I trust that the Committee, Translink and I will continue to work co-operatively on the issue.

The Committee is well aware of the various issues around parking that have been debated over the past year. DFP guidance requires my Department to recover fully the costs of its car-parking operation in light of current budgetary challenges. The current cost to the Department of providing car-parking services is approximately £7 million per annum. One component of achieving that was the increase in the cost of penalty charge notices, which were introduced earlier this year. Early information suggests that, since the increase, the number of tickets issued is now decreasing, which indicates greater compliance. My Department has reappointed NSL with a new parking management contract. That contract will deliver annual cost savings of over £2 million, which is an important contribution to reducing the budget deficit. It will convert the remaining kiosk car parks to pay-and-display, and, regrettably, there will be job losses. I understand that NSL is working positively with the unions and those affected. I have asked my officials to run an awareness campaign in the lead-up to the start of the new contract in October. My Department will also publish a parking enforcement protocol, which will help drivers to understand the rules to avoid getting a parking ticket. Officials from the Department will brief the Committee on the parking enforcement protocol shortly.

One development that will greatly benefit drivers is the extension of electronic parking payment that currently operates successfully in Belfast, Lisburn, Londonderry, Newry and Omagh. Members may be aware that I have also indicated my willingness to impose a moratorium on charges if the Executive are prepared to fund such a course, and I will pursue that. I am also willing to engage with local councils on subsidising local solutions.

My Department is taking forward the Belfast on the Move transport master plan, which gives priority to public transport, cyclists and pedestrians in Belfast city centre. Those works, which will also facilitate the future introduction of Belfast rapid transit, are due to be completed in mid-2013.

Investment in road infrastructure remains an essential component in economic prosperity. In the short term, it provides much-needed jobs in the construction sector and, in the longer term, particularly in the case of strategic road improvements, facilitates broader economic growth. Over this budget period, around £500 million of investment will be taken forward on the strategic road network. That will include significant elements of the A5 dual carriageway project, the A8, which will improve links between the eastern seaboard ports and major urban areas, and the A2 scheme, which will alleviate congestion for the 35,000 motorists who travel between east Antrim and Belfast every day. The Department was served with an originating summons on 10 September seeking a legal review on the decision to proceed with the A5 dual carriageway scheme. The Department will robustly defend that action. Work on the 14 kilometres A8 dual carriageway commenced at the end of July, with completion anticipated in spring 2015. We are also progressing on the improvement of the A32

between Omagh and Enniskillen. Both schemes remain on-programme for completion within this financial year.

In respect of winter preparations — when did the summer end? — and road-gritting operations, Roads Service, as we all know, salts main through routes carrying more than 1,500 vehicles a day. In exceptional circumstances, roads with more difficult topography, carrying between 1,000 and 1,500 vehicles a day, will also be salted. The application of the policy ensures that 28% of the total road network, which carries about 80% of the traffic, is salted. In an average winter, Roads Service usually uses around 60,000 tonnes of salt at a cost of around £5 million. Although Roads Service targets the resources available for winter service, salt bins or grit piles are provided for use by the public on a self-help basis on other routes adopted or maintained by Roads Service that do not qualify for inclusion on the gritting schedule.

We provide approximately 4,800 salt bins and over 50,000 grit piles on public roads. The policy also makes provision for unscheduled and emergency requests for local roads for unforeseen occurrences. Small settlements in rural areas containing 100 dwellings or more now have salted links to roads on the main salted road network, and priority secondary salting is also provided to around 50 rural schools that are most affected by weather conditions. Roads Service has now tailored formal or informal arrangements with 23 of the 26 local councils for the removal of ice and snow from town centre footways during severe winter weather. The remaining three councils have indicated that they are unlikely to sign up to an agreement with Roads Service for that work. It is fair to say that one of those councils does not have a town centre, as you will know, Chairman. However, the door remains open to all.

Information on salting activities is relayed electronically to the media by lead communicators to ensure that the latest news on road conditions is available to motorists. The winter service leaflet, which was distributed to every Northern Ireland household and business last winter, is now available on the Roads Service website, and we intend to reissue hard copies. In addition, information is provided through Roads Service's Trafficwatch winter service and emergency news information internet page, the BBC live feeds from Roads Service's traffic information and control centre and the NI Direct public-facing website. Northern Ireland Water has also been taking measures to prepare for winter. I understand that its officials are due to brief the Committee on operational details in November.

I now turn to the PEDU report on water and sewerage. As members know, many areas endured flooding over the summer. I certainly sympathise with all householders and business owners who suffered from the real upset, inconvenience and expense that that caused. I visited many of the areas affected to talk to people about the difficulties they have faced. I have since met a number of representatives and several party delegations. Managing and reducing the risk requires careful consideration and planning. Members will be aware that a number of government bodies, as well as individual householders and landowners, have roles and responsibilities when it comes to flooding. As I stated in the Assembly on 2 July, addressing that issue requires better co-ordination between all parts of government.

I am considering the PEDU report of the review, which highlights the need for collective action across government, and I look forward to discussing its findings with my Executive colleagues. I will return to the issue of flooding when I refer to Northern Ireland Water.

Roads Service has responsibility for the management, maintenance and development of over 25,000 kilometres of public roads, together with about 9.5 kilometres of footways, 5,800 bridges and over 560,000 gullies. Maintenance includes a wide range of activities from major reconstruction and resurfacing of road surfaces — known as structural maintenance — to the everyday upkeep of the network, such as cutting grass, cleaning gullies and the timely salting of roads for winter conditions — known as routine maintenance. In 2011-12, around £18.5 million was spent on routine maintenance, including £8.9 million for gully cleaning and channel sweeping. Roads Service has a statutory duty to maintain roads on behalf of the Department. In the case of the roads drainage system, Roads Service discharges that duty through a regular programme of gully emptying and channel sweeping.

We are legally required to carry out a number of activities during a roads-related flooding incident, which includes erecting flood warning signs on highways; organising road closures and traffic diversions in conjunction with the PSNI; clearing blockages on highway drainage systems; and taking action to protect property from flooding by water from the highway where there is a failure of the highway drainage system. Roads Service will also assist in the recovery phase to action the removal of debris from the highway to make it safe once the flood water has subsided. Roads Service identifies areas that are regularly affected by flooding and prepares work programmes to undertake

remedial measures. In addition, and in response to severe weather warnings, Roads Service staff will visit known flooding hotspots to ensure that road drainage systems are operating effectively.

Earlier this year, my officials and I briefed the Committee on European issues on a number of occasions. Most notably, of course, we briefed the Committee on the European Commission's proposal for the trans-European transport network (TEN-T) and the connecting Europe facility (CEF). I want to take the opportunity to update the Committee further on developments in that area since my last update in May, which followed my visit to the European Parliament in Strasbourg. Members will recall that the European Commission published draft regulations on TEN-T and CEF in October 2011. In their original form, the proposals created a number of difficulties. As you are aware, I have met influential parties in the European Parliament, the European Commission and the European Council. Amendments have been secured at European level. My priority now is to ensure that those amendments are reflected in the European Parliament's consideration of the regulations. I can advise that, since my last update in May, I have worked with Northern Ireland's MEPs to ensure that amendments are tabled for consideration by the European Parliament's Transport and Tourism Committee later this year. Furthermore, Brian Simpson, the chairperson of that committee, has accepted my invitation to visit Northern Ireland. That will provide a further opportunity to press our case.

With regard to European funding for transport-related issues in 2012, I can advise that the application for approximately £2 million of funding from the INTERREG programme towards the upgrade of Portadown railway station has passed the first stage of the assessment process. I can also advise that we have received positive feedback from Europe on the recent TEN-T funding applications with which my Department was involved. If completed successfully, those applications would provide approximately £4 million of European funding.

I will turn now to the issue of water and the governance and status of NI Water. As you know, legally, Northern Ireland Water is a government-owned company — a Go-co. It was intended to be a regulated, self-funded company operating on a commercial basis at arm's length from government. The Programme for Government states that there would be no additional household charges for water during the Budget period from 2011 to 2015. To reflect that, I am bringing forward a Bill to extend the current arrangements in which a subsidy is paid to NI Water in lieu of household water charges. In the longer term, I will put a paper to the Executive to assess the implications of continued deferral.

On the issue of flooding, we need to continue to invest in water and sewerage systems. I am keen to play my part. I will continue to seek additional investment for water and sewerage through the Budget. Following the initial Budget in March, the Executive agreed allocations of £189 million, £147.6 million, £153.3 million and £180 million of capital departmental expenditure limit in 2011-12, 2012-13, 2013-14 and 2014-15 respectively. NI Water continues to deliver high levels of drinking water quality, as set out in the annual report of the Drinking Water Inspectorate. On efficiency and priorities over the next two years, members may be aware that the Utility Regulator is consulting on its draft determination.

I am very pleased that the Committee has been taking an active interest in community transport and other accessible transport schemes. We spend approximately £10 million each year in providing door-to-door services to disabled and elderly people in urban areas and in direct grant funding to rural transport partnerships. I am keen to ensure that those programmes continue, and I am keen to examine ways in which we can explore opportunities for greater efficiencies and integration of services across transport provision, whether that is with the Health, Education or Agriculture and Rural Development Departments, such as that which resulted in a direct bus service between Enniskillen and Altnagelvin Area Hospital being introduced on a pilot basis.

In March this year, I published a new document, 'Ensuring a Sustainable Transport Future: A New Approach to Regional Transportation'. The new approach was launched following a review of the current regional transportation strategy for 2002-2012. Although the current strategy sets out the need for greater sustainability, the speed and direction of change prompted the need for a review. The new approach sets the high-level aims and strategic objectives for transportation in Northern Ireland that form the basis for future decision-making on the Department's transportation funding priorities. At its core is a move towards greater sustainability that will contribute positively to growing the economy while improving the quality of life for all and reducing the transport impacts on the environment. The new approach will be used to influence our transportation investment from 2015 onwards through the production of a delivery plan of prioritised strategic transportation interventions.

The Belfast rapid transit project has progressed very well over the past year, culminating in the outline business case, which was approved by DFP in August. The Committee was recently briefed on the

key findings of the outline business case, and I am grateful for your ongoing support for a very exciting and innovative project. I will be seeking the Executive's support for the detailed design and implementation of the Belfast rapid transit project based on the recommended option.

Earlier this year, I announced funding totalling £4.3 million over three years for four council-led projects that demonstrate how active travel can benefit individuals and their communities. My Department's officials will continue to work closely with the successful councils during the implementation stages of the projects and will monitor the results in the future.

Through our active travel strategy, we are seeking to promote walking and cycling as safe, healthy, flexible, inexpensive and sociable means of travel. Its key objectives are to increase the average distances walked and cycled and to increase the percentage of total trips that are undertaken by cyclists so that it is in line with our UK counterparts by 2020. Another key objective is to ensure that, by 2015, 36% of primary schoolchildren and 22% of secondary-school pupils will walk or cycle to school. There have been major promotions to encourage that. For example, walk to school week 2012 was a successful Travelwise event in May, with over 200 schools participating. A very successful Travelwise bike week was hosted by the Department in June, and cycling numbers increased, and there was a greater geographical spread of cyclists.

Travelwise has continued to promote car sharing. The Carshare NI website is provided free of charge to users. Support has also been provided to organisations to enable them to develop workplace travel plans. European mobility week included initiatives such as the cycling skills safety leaflet, which was jointly produced by DRD and the Department of the Environment and launched by the respective Ministers. The TaxSmart initiative was launched in the Northern Ireland Civil Service earlier this year and enables staff who travel to work by bus to save on their annual travel costs by paying for their bus travel through a scheme approved by HMRC. I also launched a cycle to work scheme in the Northern Ireland Civil Service during bike week in June.

Chairman, thank you for your patience and indulgence and for giving me the opportunity to outline what I hope was a comprehensive review of what the Department and I are seeking to do. Of course, we look forward to members' questions.

The Chairperson: Thank you very much indeed, Minister. As you said, you covered a wide range of issues. I have no doubt that members will have questions for you on some of those areas.

You mentioned Translink first. We came into possession just yesterday of a business case. I will ask one of the officials to let you have a look at the business case that was presented to us. Quite frankly, it contains no options for a number of areas. You suggested a short time ago that there were options in the paper.

In relation to DFP guidance, for instance, the business case does not provide a full statement of need and analysis. It does not have a detailed options appraisal or a high-level affordability analysis. It does not have an assessment of other options — something that you, Minister, mentioned a short time ago. It does not have a value-for-money assessment or detailed cash projections, including costs and revenues. Nor does it have a benefit realisation plan. Those are all things that are within DFP guidance for any business case.

I also note that in section C of the business case, under affordability and departmental ministerial approval — it was my understanding, and, I think, the Committee's understanding, that you did not approve the train drivers' business case, that Translink did that itself and that in fact, the Department and Minister had no input. I will be quite straight with you, Minister: I am not sure that the document presented to us is the actual document in its entirety. I ask you to comment on that.

Mr Kennedy: OK, thank you, Chairman. You raised a number of points, and it may well be that David Orr will want to respond to some of those as well.

It is clear to me that there were options available to continue with the existing contract or to pursue the new contract. It is important to restate that those are operational matters for Translink to carry forward, and it is not the role particularly of the Minister or, indeed, the Department to intervene or interfere, if you like, with the negotiations. We have sought to satisfy ourselves that that was the best possible option available to us.

It is true that I did not intervene in the pay award, particularly to the rail drivers, but, ultimately, of course, by not intervening, it is clear that I implicitly, therefore, have approved it. David Orr, do you want to add anything?

Mr David Orr (Department for Regional Development): Really just to say, Chair, that the two options are set out in table 1. The use of the existing employment arrangements was the base case, and the option then was for the new contract with the additional efficiency improvements. The business case was sent to the Department of Finance and Personnel, and its response was that it saw nothing novel or contentious about it. On the basis that the Department has invested heavily in new trains — £114 million for 20 new trains — we want to improve the service to rail passengers with those trains. To do that, you need more driving hours, and the option of the new contract was the cheapest way of doing that, saving £300,000 in training costs and recurrent savings of £85,000 per year.

The Chairperson: David, the question was about DFP's own rules with regard to you as a Department. You regularly send business cases to DFP. On the basis of DFP's guidance, there is none of that stuff in the document that we have in front of us. I am not saying that the document - quite frankly, I have suspicions about the document that is in front of us, and whether it is the full and entire business case that we have been trying to get our hands on for the past three and a half months. I am merely asking you to comment on whether it is the entire document or whether there is another document. In fairness to the Committee, we should not be short-changed.

Mr Orr: No, indeed, you should not. That is the document that we saw, and that was the basis of our advice to the Minister, which is the recurrent savings of £85,000 a year.

The Chairperson: Minister, with regard to the present deficit that is being discussed in Translink, have you made any approaches to the Minister of Finance in relation to the deficit that we are facing with Translink over the next couple of years? Can you explain why Translink appears to be getting preferential treatment over even your own Department and other arm's-length bodies that have to achieve their own efficiency savings within their own budgets? Why is a difference being made, given that the new trains and all the rest of it have been supplied? That is a given, and we welcome that, and we want to see a more efficient service and a more efficient transport service, as you and the Department do. However, it just appears that there is preferential treatment. Why?

Mr Kennedy: I have a couple of points, Chairman. I have raised with the Minister of Finance, and departmental officials are in reasonably constant contact as to how we can work through, the challenging financial position that Translink will face and is facing. It is fair to say that Translink is facing that as a consequence of a reduced subsidy from my Department to it. It is slightly unfair to say that Translink, in some way, is being protected. The truth is that we are expecting more with less, and that is a challenging order for Translink. Indeed, it is challenging for all aspects of my Department, including Roads Service and NI Water, but we will continue to work positively and constructively with Translink and DFP to see whether we can alleviate some of those pressures and to see that the proper efficiencies are brought forward. We are already actively doing that. There is a particularly challenging period over the next couple of years, and we need to work together on that.

The Chairperson: I know that the performance and efficiency delivery unit is in to assist Translink at this minute in time. I hope that the Committee will see that report at an early stage, after you and the Executive have done so. Are you aware of how Translink is trying to help itself from the top down in trying to find efficiency savings? Northern Ireland Water, which you mentioned a short time ago, and the other arm's-length bodies are having to find efficiencies. What evidence is there from Translink?

Mr Kennedy: Translink is expected to find those efficiencies in line with the others. It is simply not the case that Translink gets preferential treatment from the Department or is treated more reasonably than others. There are robust discussions with Translink to ensure that everybody understands the challenging financial period we are in. Translink has effected savings of over £1 million at this point, and we will continue to work with it. I think that it is important that we do that to achieve the outcome that we all want to achieve. The good news is that the number of passenger journeys has exceeded 77 million, and the number of rail journeys is up. The new trains are on line, and we are trying to encourage more people to use the public transport system in this very challenging economic period. It is a matter of working with Translink, DFP and, indeed, this Committee to achieve that common aim. I think that that is what we are all in the business of.

The Chairperson: Minister, I asked you that question because Translink is coming in after you today to make a presentation. One of the things it says in the presentation is:

"It is worth noting that in the Outline Business Case for Public Transport Reform, created by DRD and approved by DFP it was found that 'there is little scope for Northern Ireland Railways to generate further efficiency savings'."

That does not exactly augur that it is doing its damndest to try to make efficiency savings. There has to be some self-help as well. That is the reason I am asking those questions.

Mr Kennedy: To speak frankly, certain terms and conditions in Translink have grown up through various negotiations over a period, and unpicking, upgrading and modernising some of those to make them more cost-effective and efficient has been a challenge for Translink. The senior executives are trying to move those issues on, and, in part, that is reflected in the settlement for the train drivers. These are challenging and sometimes sensitive issues that cannot be shared publicly in the middle of negotiations, but it is the duty, job and role of senior executives in Translink to ensure that those efficiencies are brought to bear, particularly in this challenging period.

The Chairperson: No doubt other members will come back to the issue of Translink at some point, so I will park it at this point.

On one other small point, you recently called for the Rivers Agency to be brought under the control of your Department. Has there been any progress on that? I see that as a common-sense approach, given some of the problems we have had over the past number of months.

Mr Kennedy: I welcome your comments. I made those comments on the basis that it makes sense for one Department to have ultimate control for what are called emergency situations, including flooding. You will know that the emergency report that was done on behalf of the Executive has now been produced and is being circulated. We have not yet had a discussion at Executive level about how to carry that forward, but I am very interested in the views of colleagues.

What is important is that when people are flooded or experience harsh conditions, similar to those, unfortunately, that they suffered earlier this summer, they are not so much interested that it is NI Water, the Rivers Agency or Roads Service. They want somebody to sort it out. They want it reported and to know that, it having been reported, something is being done. It would seem sensible that one agency or one Department would have control of that and be able to link in with our partners, particularly in local government.

Of course, all that would be conditional on appropriate funding following. There is no point in me volunteering to have Rivers Agency only to find that is it Old Mother Hubbard land. So, there needs to be proper funding. There also needs to be a realisation that underinvestment over successive years has had a very big impact on our infrastructure. Until we address that in some serious way, then, unfortunately, further episodes are almost unavoidable.

The Chairperson: You indicated that once the PEDU report went to the Executive, the Committee would also get sight of it. I assume that will be a given immediately that you have discussed it with Executive colleagues.

Mr Kennedy: Yes. As soon as that discussion has been had or completed successfully, we will share it as quickly as possible.

The Chairperson: Thank you, Minister.

Mr Lynch: Thanks for coming to the Committee. Are you satisfied that Translink has cut the fat from the top of the organisation and looked at everything that it can cut and made savings from the top?

Mr Kennedy: Cost efficiencies are an ongoing issue for all of us. They are an ongoing issue for Translink, for the Department and for all Departments. There is never a time when you can say, well, that is them sorted and we have nothing more to worry about. So, on an ongoing basis we want to be sure that everybody is working effectively and efficiently on the savings we can effect.

I have heard and read criticisms about Translink salary scales, for instance. That is not something that I can enter into a debate about because they have been subject to separate negotiations that have concluded. Any attempt to unravel that would require further negotiation and further issues. In my view, that is not terribly productive. Neither is what I would describe as the politics of envy. The economic situation has changed substantially. What I am interested in doing is making sure that Translink and the other agencies under my control are operating efficiently and effectively and giving value for money in the services that they provide because that is taxpayers' money, not Danny Kennedy's money.

Mr Lynch: On a current issue with the problems with the new bus lanes in the centre of the city, do you view them as a success or a failure?

Mr Kennedy: The rationale for that is carefully and well worked out. The rationale is simply that if you enhance and prioritise the public transport system and provide new buses in the way that we have spent well over £100 million to improve the fleet of buses, then more people will use it. If the buses are cleaner, efficient, faster and deliver people to their destinations on time, surely the logic is that more people will use them. Also, people use Belfast city centre as a through traffic situation. They are not stopping to spend money or even working in central Belfast but simply using it to aid their journey times. So, you want to try to encourage those who do not need to be in Belfast to find alternative routes to ease the congestion. As transport Minister, I am not in the business of creating congestion. We are seeking to ease congestion. However, as well as that, we want to improve public transport and make it a real option for people. That is why I will be at Jordanstown train station later today to open a park-and-ride facility — 66 park-and-ride spaces — so that people can use some of the new trains that have been brought onto that line, travel into Belfast in comfort and some style and help transform public transport.

You will be aware that there was a very good meeting yesterday with members of Belfast City Council and other interested bodies, including the Chamber of Trade and the PSNI. We will work constructively with others. There is a very good rationale for this, and I have been grateful for the comments, particularly from the Chair and other individuals, who recognise that, in order to transform public transport in the centre of Belfast and Northern Ireland generally, action is needed. Our society is overly dependent on cars, and that is damaging the environment and the economy. If we can impress upon those facts and show that our system works, it will improve everything for everybody.

The Chairperson: Just as an aside, it has been pointed out to me that, in an article in today's 'Belfast Telegraph', the traders in Belfast have asked why the roadworks for the change of lanes and stuff could not be carried out at night. London and other places seem capable of doing that. Have we ever explored that option?

Mr Orr: Much of the work has been carried out at night and at weekends. It has been quite carefully programmed to avoid peak hours. We try to avoid roadworks during peak hours.

The Chairperson: So, some of it is happening at night.

Mr Orr: Yes, and at weekends.

Mr Easton: I have two quick issues, and one is car-parking charges. As you know, a lot of town centres are struggling economically, and I am sure that you have no intention of adding to their woes. I would say that you would be quite sympathetic. I know that you have to balance your budget, and that is one of the reasons why you are doing that. However, could you help those traders by, maybe, looking at relaxing those charges on a Saturday, because that is when most people go into the town centres? They are all going out of town into the shopping centres because the car parking is free, and the town centres are struggling. I would have thought that it would not cost you a huge amount to implement that on one day at the weekend.

Also, have you any plans to try to help the traders over Christmas by waiving charges for a week for the Christmas shoppers?

I have one final question. I noticed in your letter about the train drivers' pay award that table 1 mentions taxis. Why are we using taxis, what are they for, and do we need to use taxis?

Mr Kennedy: Thank you very much, Alex. Welcome to DRD and the life of the Regional Development Committee. You can expect more grey hair.

On the issue of car-parking charges, I have tried very much to give assistance. You will be aware that my decision not to introduce on-street car-parking charges was a significant boost and was welcomed by chambers of trade and town centre management. Obviously, the budget is there for car parking charges, and a gap remains in that. Ultimately, the desire is that those things should be self-financing. However, it is difficult to achieve that, and it is even more challenging to achieve it by granting concessions such as free Saturdays and all of that. As you will be aware, the Executive recently met to discuss the current economic climate following large-scale redundancies. There is obviously very serious concern about the current situation. I have proposals and ideas to bring to the Executive, which I have shared in some part with some ministerial colleagues, about car-parking issues and how we can alleviate some of the impact. I hope that those proposals will receive a receptive ear when we come to make the decisions. Included in that are proposals for the coming few months, including Christmas. So, we are going to look to see what we can do as much as possible to alleviate things.

On the use of taxis for Translink staff, particularly train drivers, there are situations where, depending on where the train is, getting the train driver there and what is cost-effective in how that can be achieved — David, you might have more detail on that.

Mr Orr: As part of the new contract agreement, there are a number of flexibilities that Translink has negotiated with the drivers. Part of that is the location that they pick up the train from, which will avoid the need to transport drivers so that they can pick up the trains. There is a more flexible approach being taken to that. That is how Translink will reduce taxi costs.

Mr Easton: If you are going to work, do you not take yourself there? I do not understand why there is a need for taxis.

Mr Orr: The point is that certain customs and practices had built up over many years in Translink. Train drivers reported to a depot, not necessarily to where their trains were. It was up to Translink to transport them to where their trains were. That is one of the beneficial outcomes of the new contract arrangements.

Mr Easton: That is a strange one.

The Chairperson: That is a custom and practice that Translink management failed to address over the years.

Mr Orr: You would be better to ask Translink management about that.

The Chairperson: Do not worry, I intend to.

Mr Orr: They may talk about how long ago those sorts of practices grew up.

The Chairperson: There are other customs and practices, with people getting £9,000 car allowances. We got a letter today to tell us that the car allowance was not an isolated case and applied to the whole executive team.

Mr Orr: We cannot criticise the Translink management for tackling the customs and practices that we are talking about. These things built up, and they have been tackled and dealt with.

The Chairperson: If you are getting paid that sort of money, you are getting paid to tackle customs and practices that have been allowed to develop that were outwith another world many, many years ago.

Mr Kennedy: We can all welcome the fact that those issues are being tackled.

The Chairperson: I hope they are being tackled, Minister. I do not have the same confidence as you do on that.

Mr Hussey: Good morning, Minister. Thank you for your very extensive report, which I thought was wonderful. *[Laughter.]* I am not biased in any shape or form.

Mr Kennedy: You are only saying that because it is true.

Mrs D Kelly: He wants to be deputy leader.

Mr Hussey: Knowing the Chairman as I do, I will —

Mr I McCrea: Be careful, you may be disciplined.

Mr Hussey: I never wanted to be deputy leader.

First, you mentioned discussions with councils over car parks. During your last visit here, I suggested that under the review of public administration, all the car parks should be handed back to councils. You also mentioned the proposed moratorium on charges that, hopefully, would apply. Have any councils expressed an interest in taking over car parks? As a former councillor, I know that that is one of the issues that all politicians agree on. Whenever car-parking charges go up, councillors go mad, and it is always the Minister's fault. Political parties will always try to pass on the blame to you. In this instance, is that something that you think can go forward? I have another quick question on the A5. Do you have any idea how long the legal challenge will last?

Mr Kennedy: Thanks very much indeed, Ross. With regard to car parking and initiatives to engage with councils, since I made my comments, there has been some welcome interest from local government. We are working on proposals on which we will seek to make contact and engagement with local government. It may be that other interested organisations, such as the Northern Ireland Local Government Association or the Society of Local Authority Chief Executives, will be involved in that. Therefore, we are open for discussion to see how we can work together and whether councils are interested in playing a part to offset some charges in order to support town centres in their areas. Obviously, there are issues of cost and finance that we need to look at in the moratorium that I am happy to pursue with Executive colleagues. As I said, that will require further discussion.

I was disappointed, although perhaps not completely surprised, by the legal action on behalf of those who have opposed the A5 scheme. I have some concern about its impact on the construction industry generally and, in particular, the roads-construction industry, contractors and a sizeable number of individuals who have been affected and who were looking forward to carrying out work on the scheme and providing employment. I very much hope that delays will not be undue. There is a legal process. We will defend robustly the Department's actions as we progress the scheme and the elements of it. We hope very much that we can resolve it without much delay.

Mr Hussey: I have one final point. Suggestions have been made that the money allocated to the A5 — in fact, future money if the case is won — will not be lost to the Northern Ireland economy. What is your opinion?

Mr Kennedy: I saw comments in the press that some £10 million is lost monthly that could go back to the centre — the Finance Minister — for reallocation initially. That does not actually kick in until about the middle of October. Therefore, the clock has not quite started on that.

Additional costs are also involved, which are in the region of —

Mr Orr: Three quarters of a million pounds a month on interest.

Mr Kennedy: That is on interest alone. That money has been allocated to and budgeted against this scheme on an ongoing basis in this financial year. We will work with the Department of Finance to see what we can do to ensure that we reprioritise, if you like, and, if necessary, spend money on other structural work or road maintenance. However, the best solution is to resolve the legal action as quickly as possible so that contractors and potential employees are given the chance of gainful employment and to make a positive difference to the road schemes.

The Chairperson: With regard to the £10 million, it was as a result of your officials giving evidence to the Committee last week that the finance people turned up. However, it was made clear that the clock started to tick in October. Certainly, in anything that I said, I made it clear that it would be October

when the clock started ticking. That should have been understood, although I do not know how it actually ended up being reported. Last week, the Committee was seriously concerned about the loss of that £10.75 million monthly back to the centre. The hope was that we would try robustly to get that money back, perhaps into other things that can be done. You mentioned maintenance, for example.

Mr Kennedy: Yes, even in the short term. We are working with the Department of Finance to achieve that.

Mr Orr: I want to be open and realistic. It is a big scheme, and £10 million a month is a large amount of money. We will take up as much of that as we can for, say, structural maintenance. However, there is a limit to what can be done by the end of the year. As you know, there is no end-year flexibility. Therefore, that money has to go back to the centre. It will depend on whether the centre can take up the slack as to whether it can be utilised. It is a big concern.

The Chairperson: We had hoped that the legal process would be brief. However, once you are in the hands of the courts, there is nothing that any of us can do.

Mr Dallat: Thanks, Minister. I will give you a piece of history. It is almost 60 years to the day since the number of trains going into Derry increased from five to six. Then, of course, came the Dark Ages, followed by the Renaissance, which you inspired. That work, for which you found the money, is developing very fast. Two questions arise. First, will you tell Translink and the Department that possibly hundreds of civil servants will relocate to Ballykelly and that they should really now consider a halt there? Secondly, will you also tell Translink about the City of Culture? Given that work is continuing rapidly, certainly in the eyes of local people who are enthused by it, will you keep the pressure on in the hope that the railway might be reopened before 31 March?

Finally, you gave us very good news about Portadown station, in which, of course, my colleague is interested. You know that we got the Peace Bridge, which is very conveniently located beside the railway, but is, unfortunately, a quarter of a mile from what passes as a station at present. Is it possible to explore funding from INTERREG through Ilex — or whoever is involved — to see whether we can get a spanking new station at the end of the Peace Bridge? That would deliver in total the outcomes that we all wanted for the bridge — the bringing together of people in every way. It would have been lovely to include rail passengers in that.

Mr Kennedy: The Member has lost none of his political skill. First, he pours lavish praise on me and then holds out the begging bowl for more. *[Laughter.]*

Mr Dallat: Minister, we have a Kennedy Way. I would not be amiss to a "Kennedy Permanent Way" for that stretch of railway because you delivered a miracle.

Mr Kennedy: Some of your colleagues may feel that you are going completely off the rails. *[Laughter.]* On the issue of the Coleraine to Londonderry line, first of all, I am hugely pleased that, as Minister, I was able to bring that scheme forward and, in many ways, to resurrect it. It was not quite Lazarus, but it was nearly gone. Work has commenced and is ongoing. Weather conditions are reasonable at present. However, it was always going to be a challenge to have that work completed in time for the start of April. I have no doubt that if it is possible to achieve that earlier, Translink will attempt to do so. I have received detailed knowledge of, and briefings about, the complexities of the scheme and work. It was quite a challenge to have it done. The welcome news is that is being done and is on course.

I have not received any approaches from the Minister of Agriculture and Rural Development on a railway halt at Ballykelly. Obviously, that would require a business case. In my view, because there is nothing planned in my budget for it, we would have to look at finance for it as well; that would be quite a challenge. It is not simply a matter of while we are fixing Coleraine to Londonderry let us put in a stretch of line to add a halt at Ballykelly; it would have to be carefully planned, budgeted and costed. We will work with the Department of Agriculture and Rural Development on that if such an approach is made.

Mr Dallat: And the new station?

Mr Kennedy: The new station, yes. You must be moving constituency. We had a productive meeting earlier this year with local representatives and people from the business community. Ilex, of course,

would be involved in that. We are still in the foothills and, again, finance would be a very big issue, but it is at least on the radar.

Mr Dallat: OK.

Mr Ó hOisín: Thanks, Minister, and my apologies for missing the start of your presentation. I hope that was not the good part.

Mr Kennedy: It is always better to walk in on one of my speeches than to walk out of one. *[Laughter.]*

Mr Ó hOisín: Thank you again. I agree with Mr Dallat. Those of us from the north-west tend to look at it as a region rather than on a constituency basis because we all benefit from whatever infrastructure can be put in there, given the deficit that has been there through the years. I know that you will be aware that the public inquiry into the A6 was completed yesterday. Will you do everything that you can to effect all the other statutory requirements that will be needed to advance that project?

Mr Kennedy: The short answer is yes. I am supporter of the A6 scheme as I am a supporter of other schemes to improve the overall road infrastructure, including the A26 and A4. I could go round this room and people would make strong cases for various bypasses. Much of it will come down to finance. The investment strategy has been published, and we will seek to bring forward those schemes as quickly as we possibly can. In so doing, we will move along the various statutory processes to allow for them to be shovel-ready as quickly as we can.

Mr Ó hOisín: I want to ask about the 60,000 tonnes of salt budgeted for last year at a cost of £5 million. Given the mild winter there was in it last year, there is bound to have been some saving to the Department, given the shelf life of salt over a five-year period.

Mr Kennedy: Yes, there is.

Mr Orr: The way the accounting rules work is that you account for the salt as it is spread. We have 108,000 tonnes of salt in storage. In a normal winter, we would perhaps use 55,000 or 60,000 tonnes, so our prime focus has been on making sure that we have enough to get out on the road in the event of a very cold spell.

Mr Kennedy: It is also important that we are not complacent about weather conditions. The experience of a couple of years ago taught us the very harsh lesson that you cannot simply hope that things will be OK. You have to make preparation, and we are doing that with Roads Service and NI Water.

Mrs D Kelly: I thank the Minister for his briefing. I welcome the news that the concessionary fares have been maintained. It is important that it is not means-tested because so many older people, having worked all their lives, end up having to pay and miss out on so many other benefits. With regard to the Water Service delivery mechanism, at earlier briefings the Water Service said that amendments may be required to legislation for them to operate more efficiently and effectively. Has there been any progress on that front? I am not sure whether the Harbour Commissioners sit under your remit.

Mr Kennedy: They do.

Mrs D Kelly: There was to have been agreement in September in relation to the freedom of the finance.

The Chairperson: Forty million pounds.

Mrs D Kelly: Forty million pounds. That has a substantial impact on the overall Executive budget. Perhaps you will give us an update on that. Finally, I want to talk about the infrastructure of rural roads, as there has increasingly been a shortfall in overall maintenance. Is there any optimism to be had about ongoing maintenance in rural areas?

Mr Kennedy: Thank you very much indeed. In respect of NI Water, there is a commitment in the Programme for Government that no additional household charges will be implemented in the current

budgetary period. That is supported by the Executive and, as far as I can see, by most if not all Executive parties. I think that that deals with that issue.

On the wider issue, it is important that we have a mature discussion about the governance of NI Water. I have circulated a paper to Executive colleagues, and I am very hopeful that we can discuss in some detail and in a mature way the future governance arrangements and, indeed, funding arrangements for NI Water. We will welcome the input of other parties to that.

In respect of the £40 million issue over the next couple of years, there are ongoing discussions with Executive colleagues and, indeed, with the Harbour Commissioners about how that can be best achieved. I hope that the issues can be resolved, but, again, they are challenging. We will work on it to get the earliest possible resolution, and when we are in that position, we will report to the Committee.

Mrs D Kelly: Is it not the case that the deadline for legislative work was September? The last time the Committee heard about this, we were told that it was hoped that there would be an agreement without the need for legislation.

Mr Kennedy: We are still working on that.

Mrs D Kelly: Who is dragging their feet?

Mr Kennedy: It is a matter of ongoing work. I am satisfied that there is sufficient goodwill and commitment to get an acceptable resolution.

Mr McAleer: My question was on the A5, but Ross Hussey got a satisfactory answer; well, it was not satisfactory, but that is where we are at. I, too, welcome the news that the A32 will be completed within this financial year.

You will be aware that Strabane is one of the areas that benefited from the Active Travel demonstration scheme. I know that there is some deliberation going on between your Department and the Department for Social Development (DSD) about funding for the bridge. I wonder whether you could give me an update on where that is at. I think that the funding is in the region of £800,000. It is very important that that is kept for the area, given the impact that it would have.

Mr Kennedy: I am aware that the funding that we have allocated under our measure depends on the other part of the deal from DSD. David, can you give any insight or update on that?

Mr Orr: If it is OK, Chair, we will need to come back to the Committee with the latest update, just to be sure that we are providing the right information.

The Chairperson: Thanks for that. You can come back to us in writing.

Mr McNarry: Minister, I do apologise for being late. I am very glad to see that you are still here.

Mr Kennedy: Thank you very much. There is no discourtesy at all.

Mr McNarry: None intended. *[Laughter.]* Will you tell the Committee whether you will endorse bus and rail fare increases and support reduced bus services?

Mr Kennedy: In the current period, we have managed to keep increases to inflation hitherto. However, that is becoming increasingly difficult. When we look at the Republic of Ireland and other parts of the United Kingdom, for example, we see that rail fares, in particular, and bus fares have been hiked up substantially. I understand the argument that if you put up fares and reduce services, fewer people will use those services. The measures that you are seeking to introduce by bringing in new buses and prioritising bus lanes are bound to be affected by that.

In a challenging financial period, we will try to bring forward increases that do not have an adverse impact on people's lives. I cannot guarantee that we will freeze fares or maintain them at the level of inflation. However, that does not mean that I am in favour of increasing them. Nevertheless, I am mindful of the financial considerations that face me and Translink.

Mr McNarry: I appreciate the answer, Chairperson. I will make a very quick point. I would expect you to say that you would not be in favour of increases, but what you are really saying is that they are on the horizon. When could you give a time schedule for elected Members to prepare the public for fare increases and reduced services? I believe that that is what you are saying.

Mr Kennedy: I am not saying that. I am saying that there is a challenging economic period as a background to all this, and we are working to achieve the best possible outcome. I am neither ruling in nor ruling out the scenario that you have described, because it would be unwise to do so. We continue to work with Translink to find an acceptable way forward.

The Chairperson: You will be pleased to hear that that is the final question, Minister. We have run only six or seven minutes over the allocated time.

Mr Kennedy: I am sorry about that.

The Chairperson: Thank you for the presentation to the Committee. We look forward to continuing to work with you and the Department in the days ahead. We have worked constructively, and we want to continue in that vein in future.

Mr Kennedy: Thank you very much.