



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Inquiry into Comprehensive Transport
Delivery Structures: Translink/NITHCo
Briefing

1 May 2013

NORTHERN IRELAND ASSEMBLY

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Inquiry into Comprehensive Transport Delivery Structures: Translink/NITHCo Briefing

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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 David McNarry

Witnesses:

Ms Catherine Mason	Translink/NITHCo
Mr John Trethowan	Translink/NITHCo

The Chairperson: I welcome John Trethowan, chairman of the Northern Ireland Transport Holding Company (NITHCo) and Translink; and Catherine Mason, the chief executive of the Northern Ireland Transport Holding Company and Translink. You are both very welcome. You have 10 minutes to make a presentation and then leave yourself open for questions.

Mr John Trethowan (Translink/NITHCo): Thank you, Chairman. I understand that you asked us here today to explain the structure or the relationship between the holding company and the Translink companies, and my opening statement will refer to that. The Northern Ireland Transport Holding Company was created under the Transport Act (Northern Ireland) 1967, and it holds the operating companies of Translink. Translink is a brand name used to describe the group and the parts of the group, the main parts of which are Metro, Ulsterbus and Northern Ireland Railways. I am chairman of the group and all the companies in it, and Catherine Mason is the chief executive of the group and all the companies in it.

The statutory purpose of the holding company is to hold and manage the properties, buy the land and businesses that are vested or acquired by us and exercise the rights, as owner of those properties, of the holding company as if it were a commercial enterprise. Our general powers are to carry out any business that is usually carried out by a holding company and to do all other things that are incidental or conducive to our purposes.

Translink is not owned by government. It is sponsored by government and receives capital funding. A proportion of revenue funding is specifically for concessionary fares, fuel duty rebate and rail public service obligations. Translink land and other assets are its own and cannot accurately be said to be in

state or public ownership. Translink's property is not to be regarded as property that is held on behalf of the Crown, according to the 1967 Transport Act.

With regard to our corporate accountability, the board has accountability lines, not only as a legally liable company board of directors — we are subject to the UK combined code for commercial companies — but with public appointees to the Department and through the Minister to the Assembly. In particular, the NITHCo board is responsible to the Department for delivery of public transport services within government policy frameworks, underpinned by our management statement and financial memorandum.

Our group's chief executive is also the accounting officer. She has a very important personal reporting line to the departmental accounting officer. She is acutely aware of and fully lives up to the exacting standards upon accounting officers, having due regard to regularity, propriety, and value for money over the organisation's public money. Our staff are not civil servants as a matter of statute. In classification terms, we are a public corporation, which should afford us a measure of operating freedom and independence that is befitting of a commercial group of companies. Thank you, Chairman.

The Chairperson: Do you want to say anything, Catherine?

Ms Catherine Mason (Translink/NITHCo): No thank you, Chairman.

The Chairperson: Today, you chose not to address what you deemed to be the more political reaches of the inquiry. However, as you indicated, they have a very obvious impact on your operations. Therefore, can you give me and the Committee some opinions on the Transport Northern Ireland model, its governance and what positive or negative impacts it will have on you strategically and operationally?

Mr Trethowan: First of all, Transport NI has just come into effect, and we have to interact with it. From our perspective in the holding company and the Translink companies, our job is delivery. We will react to whatever Transport NI asks us to do.

The Chairperson: Is that your answer?

Mr Trethowan: Yes.

The Chairperson: OK. You mentioned that you have a number of commercial interests.

Mr Trethowan: In Translink? Yes.

The Chairperson: In property, such as at the Abbey Centre, the mall in Lisburn and, probably, a plethora of other places. How do you check or account for public money that is being poured into Translink in order to ensure that none of it is used for your commercial interests? For instance, I noticed in your plans the other day that you are spending a couple of million pounds on the refurbishment of the Abbey Centre. You have a highly paid chief executive — very highly paid in comparison with the Prime Minister of the United Kingdom. How do you balance what is paid towards the commercial activities with the salary of your top team, which is over £1 million a year, before we even start paying anybody else within the Translink organisation? How do you differentiate the amount of time and work that all those people put in to the commercial activities as opposed to the highly subsidised, public end of the business?

Mr Trethowan: I anticipated that question about our chief executive's salary.

The Chairperson: The public wants to know. That is why I put it to you.

Mr Trethowan: Can I give you a lengthy answer to that?

The Chairperson: Yes.

Mr Trethowan: First, we were invited here today to discuss comprehensive transport delivery structures, but I anticipated —

The Chairperson: I can ask you whatever questions I want to, and so can members. I will allow members to do that.

Mr Trethowan: That is fine. I know that the Committee has a focus on the cost of the chief executive and of the executive. In any corporate business, any large board, price comes second to value delivered, so I would like to answer your question in two ways: first, by explaining the price we pay for our executives; and secondly, explaining the value that they deliver. I will cover some of the things that came up in the Consumer Council's presentation earlier.

Much has been made by the Committee and the media about the chief executive's salary. It is indeed £191,000 a year, and that goes to £198,000 a year with allowances. Translink is a public corporation. It is run as a commercial concern and generates at least over half of its revenues in the marketplace as a private company. It is the sixth largest company in Northern Ireland. That was reiterated yesterday in the list of top 100 companies printed in the 'Belfast Telegraph'. It has an annual turnover of £190 million, of which it makes over £100 million in the marketplace as a commercial operation. It employs 3,900 people. Its public money is not handouts but payment for making millions of journeys, whether they be carrying pensioners on free passes or young people to school, along with payments to support bus and train networks, the cost of which are not covered by the state. This is Northern Ireland Executive policy being delivered by Translink.

A rebate of fuel duty is paid to all operators of regular bus services. The same scheme is applied to all operators, public and private alike, and that helps keep the cost of fares down. That happens across the UK. Translink, under the holding company NITHCo, is a group of eight companies. The principal ones are Metro, Ulsterbus and Northern Ireland Railways. They are distinct businesses, but they are managed by one small team of executives. We do not have separate heads of HR in Northern Ireland Railways, Metro and Ulsterbus; one executive runs all those companies.

For Northern Ireland to be effective, we need to recruit top-performing executives to the public sector. In life, you get what you pay for. I have been around boardrooms for the past 20 years in public, private and voluntary sectors. I have worked with many executives from around the world, and of all the top-performing executives I have come across in those 20 years, Catherine Mason ranks among the best. Executive pay is set at the time a person is recruited at the rate needed at that time to encourage the best candidates to apply. The Minister and the board of Translink will review the rate needed to recruit a replacement for any of our executives if and when they chose to move on. That may be more or less than the current incumbents are paid. I am pretty sure that, in the top 10 companies named in the 'Belfast Telegraph' yesterday, very few of her counterparts will be paid less than Catherine Mason. I wonder how many top-quality candidates would apply for public sector jobs if we told them that they would not be paid as much as in the private sector and that they may face criticism of their pay publicly and possibly calls for it to be reduced.

That is on price, but I would like to spend a few minutes talking about value, because it covers —

The Chairperson: Maybe you will spend some time on the issue I asked you about, which was how you differentiate between what is paid to the public purse, which is of extreme interest, and the commercial activities and how those are paid for. You need to assure me and the public out there, who are listening, that no public money is being used in your commercial activities.

Mr Trethowan: OK. I will deal with it in the course of this answer, then, on value. I have stated that, in any corporate business, price comes second to value delivered. The chief executive and our executive team have delivered efficiency savings of £15 million over the past four or five years. We are doing more service with about 400 employees fewer than we had in 2008. Statistics show that Northern Ireland has the lowest funding of any public transport network in the UK and Ireland. It comes close to the bottom of the league table in the EU. If you take out the over-60 concession pass subsidy, which is unique to Northern Ireland and GB, it would be near the bottom of the UK league table. Those statistics are from the Treasury and the Assembly's own briefing paper, written in 2012. Even with that level of funding, the board regards the NITHCo/Translink executives as a high-performing team. They have delivered on all the regional strategy targets. Last year, MLAs expressed an opinion on Translink and in a survey, they voted five to one that Translink was delivering high-quality public transport and also a good return on public investment. In a recent survey across all UK rail operators, Northern Ireland Railways is the top scorer on value for money, staff helpfulness, cleanliness of trains and how delays are handled.

My board and the non-executive directors have a lot of different skill bases, including expertise in the transport industry. We hold the executives to account and look for efficiencies and delivery of service as part of value for money. We use the bus and train services routinely; we watch and listen to what passengers are saying. We also attend meetings across Northern Ireland at which our local managers meet MLAs and councillors to discuss local services. We see how well local managers respond to local queries. That gives us a fair feel for what the public are saying about Translink. We are not picking up a lot of complaints and angst from the public.

Translink takes no pleasure in fare rises, but evidence from the Office of National Statistics shows that Translink is the only bus or train region in the UK to have held or reduced fares in real terms since 2005. Indexed to 100 in 2005, Metro fares fell to 97.1 and Ulsterbus fares to 98.4, so both have gone down. Wales was the next best region, with a 9% rise in fares. Northern Ireland Railways has just about broken even, with a rise of 0.9, with the next best in London and the south-east of England at 115.6. So, fare rises over the past five years have not kept pace with the rest of the industry.

The Chairperson: You are not equating like with like, because you do not have to pay for the stock or the buses. Millions of pounds are poured in from the public purse, over and above the money that you get. Other commercial companies have to buy in their own stock. You do not have to do that; the public purse pays for that.

Mr Trethowan: The board is very clear on the strategy. Our strategy is to break even, over the course of a number of years, which is what we are doing. In business, profit is your main source of new capital. To break even, we try to hold the fares down and ensure that there is access to our services right across Northern Ireland.

You were talking earlier about the further west you go — well, the more challenging it gets in our environment, with the density of population, to make sure that we serve everyone. So, by holding our fares down and providing access to our services across the Province, and not just in the populous eastern side, we about break even every year. That means that we do not have the capital to invest in new buses and trains. That is where our partnership with the Northern Ireland Executive comes in.

Chairman, I would just like to say that investment in public transport is not a handout, just the way that building a hospital or a school is not a handout. It is public money for the public service. If it were a private company, our fares would reflect the need to generate profit to invest in capital. We, as a board, are very clear about our operating model.

Can I go back? On value for money, the recent survey was very poorly covered by the media. There were a lot of good things in there. Metro got it in the neck for three consecutive falls. On value for money, 11% of the public thought that Metro was poor, and 65% felt that it was good value for money. As for Ulsterbus, 13% thought that it was poor and 64% felt that it was good. And the railways: 12% poor, 64% good. The public are not saying that the public transport system is poor value for money.

As for our staff, 6% of the public felt that Metro staff were poor and 77% felt that they were good. Ulsterbus: 3% poor, 89% good. And the railways: 1% felt that our staff were poor, but 94% felt that they were good. In light of the size of the Translink group, which has a turnover of £190 million, comprising both commercial and public revenues for which services are provided, the employment of 3,900 people and a relative lack of funding for public transport in Northern Ireland, the effectiveness of our fare levels and the quality of the outputs, I consider that the chief executive and the very small executive team that we have provide a very good return on equity for their money.

You asked about the properties and how much public money goes towards them. We hope to invest money in the Abbey Centre to refurbish it. Every major investment comes to the board for appraisal. We look at the net present value of every investment. It does not get sanctioned unless there is a return on the capital for it, as there will be with the Abbey Centre.

The Chairperson: That is not the question I asked you.

Mr Trethowan: OK.

The Chairperson: I am going to move to other members, and we can come back to it at the end, but I asked you how you differentiate your commercial activities in a clear, open and transparent manner for the public and everybody else, given your very big dependence on the public purse, and how you show, in respect of the hours that your executive team spends on your commercial activities, that

money is not being paid from the public purse for your commercial activities. That is not clear in your accounts or anything else. That is one place where you fail. You need to be transparent with the public and tell us exactly what is happening. I will always ask you questions about that, and I am sure that others will ask you. The public have a right to ask you those questions as well, because you are held to account for the money that you get from the public purse here.

Mr Trethowan: The properties are held by the Northern Ireland Transport Holding Company, which is one of the operating divisions of the Translink group. The buses and trains are separate profit centres, and so is the property area. The Transport Holding Company that holds the properties and invests in them is also a profit centre; it makes a profit and a contribution to the overall group profit every year. It is a business in its own right. Therefore, it can command investment as well.

The Chairperson: How do you demonstrate to the public and everybody else the transparency of what is coming back into the public sector? Some of that money from your commercial activities is going back into what is subsidised, mostly from the public purse, but there is no clear and transparent way of showing that. You have not shown that; you have failed to show that. Can you do that?

Mr Trethowan: We report each of our business units separately, so we know exactly how much each of them makes. At the end of the year, when we are looking at our fare increases, we look at the overall group situation. Any contribution that is made from the Transport Holding Company helps to hold down the fares for the consumer.

The Chairperson: Well, that is not clear and transparent to the public.

Mr Lynch: The £5.8 million reserves came up last week, but there was very little clarity on where it came from. Can you throw any light on that, John?

Mr Trethowan: I can indeed. I go back to our status as a public corporation. As a director of a public company, I have duties to the Executive because of the public money but also under the combined code of corporate governance that applies to all directors and businesses in the UK. I assume that the £5.8 million referred to is the unaudited profit for this year, post tax. The board has just signed off a statement of going concern to let our auditors audit our figures. I cannot talk about £5.8 million because it has not yet been approved by our auditors. However, assuming that £5.8 million is our final profit figure for the year, that will go into our reserve account and stay there until such times as it is needed, which, according to our plans, is likely to be next year when we show a loss. In that case, the £5.8 million in our reserve account will be drawn against at that time. We do not know what the profit or loss will be this time next year. We have a plan figure, but that is a plan. Whenever the final figure is determined, that will also go into the reserve account. If it is a negative figure, it will reduce the reserves at that stage. We do not apply reserves to the planned figure in advance of the year.

The Chairperson: How can you talk about £5.8 million now when you are only after telling us that it has not been audited?

Mr Trethowan: Because it has not been audited; that is the unaudited figure.

The Chairperson: You said a minute ago that it had not been audited.

Mr Trethowan: The accounts have been ruled off, but they have now gone to the auditors for an external audit. We will not have the accounts approved until the auditors come back and we hold the board audit committee.

Mr Dallat: Thanks for your evidence. I am sure that there are times, Catherine, when you would much prefer to be the Prime Minister.

Anyway, I am trying to get my head around the Transport Holding Company. Is that not a very cosy relationship you have, whereby you can dip in and out all the time? Would it be better if the Transport Holding Company was more independent or, in fact, serviced by different people? I ask that in innocence, because it is complex and I do not understand it.

Mr Trethowan: The Transport Holding Company allows us to differentiate between our three main businesses. Metro is a lot different from Ulsterbus, and, obviously, they both differ from Northern Ireland Railways. The Transport Holding Company itself is a business that holds the properties. It allows one board to cover all the business of the various companies. If we differentiated that, we would risk having to have four boards to run the companies. There is an efficiency in one board covering the whole thing, Mr Dallat. It also allows senior management to go across all the businesses, so we get efficiencies in that way as well.

Mr Dallat: OK.

Mr McNarry: I want to go back to the £5·8 million. Last week, we were told that the company had dipped into its reserves to the tune of £5·8 million. How much is left in the company's reserves?

Mr Trethowan: I do not have that figure with me, Mr McNarry. However, we did not dip into the reserves. If that was said last week, it was said in error. The £5·8 million is the unaudited net profit —

Mr McNarry: May I just interrupt you for a minute to talk about what was said and said in error? It was duplicated by representatives of your company and representatives of the Department.

Mr Trethowan: Well —

Mr McNarry: If I may, it was introduced as a factor in a sentence in the written presentation that accompanied the statement. It said that the issue of a £17 million predicted loss was no longer an issue.

Mr Trethowan: That is correct, because the —

Mr McNarry: Was the £5·8 million illegitimately introduced to the Committee last week? Is there no such figure?

Mr Trethowan: The £5·8 million is the out-turn of year 1 of the operating plan. That plan predicted a profit in the current year. The money that was projected for losses a year ago was for years 2 and 3 of the plan. In the meantime, considerable work has been done by the company and the Department for Regional Development (DRD) to close that gap.

Mr McNarry: So, we can rest assured that the £17 million will not be an issue in the course of the next three years?

Mr Trethowan: It is now projected that the losses in the next two years will be much lower because of the good work that has been done in the meantime.

Mr McNarry: It would be good to hear the much lower figure. That is something new, again, that is being introduced now.

Ms Mason: Mr McNarry, we did say last week that we were taking the profits made now and using them against the losses that we would be making in the future. We said that last week; perhaps we were not clear enough about that. What we said was completely consistent with what our chairman is saying now.

Mr McNarry: Part of the problem is that it takes a number of meetings to find out what you are being clear about. Mr Trethowan, are you able to advise the Committee of what reserves the company has?

Mr Trethowan: I do not have that information to hand, but we can arrange to provide you with it.

Ms Mason: That will be on a balance sheet in the accounts that are filed in the Assembly.

Mr McNarry: If you would take the time to furnish us with that information, I am sure that the Committee would be very pleased.

Mr Trethowan: Mr McNarry, the reserve account of any company is an accumulation of its profits and losses across a number of years.

Mr McNarry: I fully understand that. Can you detail the total value of the assets that the company owns?

Mr Trethowan: Not off the top of my head, no.

Ms Mason: That will be on the balance sheet as well.

Mr McNarry: Again, can you provide that to us?

Mr Trethowan: Yes, we can.

Mr McNarry: Were any of the assets that you currently hold purchased during the lifetime that the company has been receiving financial support from DRD?

Mr Trethowan: Sorry, I do not understand the question.

Mr McNarry: In the time that you have received financial support from the Department — I am not going into direct rule; I am into the devolved Department for Regional Development — has the company purchased any assets?

Ms Mason: Yes. We have purchased a lot of things to do with public transport provision.

Mr McNarry: Can you advise us what they have been?

Ms Mason: The Department will be able to give you a list of everything that it has grant-aided since 2007.

Mr McNarry: Is there any problem in you furnishing us with that information?

Ms Mason: No. The Department would probably have the numbers to hand more readily, but, yes, we can give you a list of what has been grant-aided.

Mr McNarry: You have, quite rightly, given us an image of a very smart company that operates very well and pays the highest wages to the best executives that it can get. I do not dispute that. You have spoken about how efficient you are, the efficiencies that you have brought in and where you are. We have that image, yet, you do not seem to have the information to hand to answer those three questions. You have said, somewhat reluctantly, that you will furnish us with it. That does not seem to me, in my small way — I have never been in business at the level that you are with a turnover of £190 million, so you will allow us the sentiment of saying that.

The reimbursement from public funds for concessionary fares contributes a significant income to the company. How would the balance book look without that reimbursement? What would be your profit and loss situation?

Mr Trethowan: Last year, when we hoped, with the audited accounts, to make £5.8 million, we turned revenue of £200 million.

Mr McNarry: Two hundred million?

Mr Trethowan: In and around £200 million. We received £27.1 million from bus concessions. For that, we carried 10.2 million passengers. That money is not full-price fares. It is done on a formula, and we are on no gain. It is cost price. We get cost price for carrying over-60s; we do not get a profit.

Mr McNarry: So you could live without it?

Ms Mason: Yes. We legally have to be reimbursed, as I said last week, on a no-better, no-worse basis, so if there was no concessionary fare revenue — if the Executive chose not to do a

concessionary fare scheme — we would probably carry fewer people, but we would take more revenue from those people and, financially, we would be no better and no worse off. On the bus side of things, it is very clear that we do not get all of the money back. If it is a £1 fare, we do not get £1 back. I tried to say this last week as well. The revenue forgone is not fully offset, so, in the financials, we would probably end up carrying fewer people, but there would be no financial difference. That is the basis that the scheme is funded on. That is how the Executive —

Mr McNarry: Is there any benefit loss in carrying fewer people because of concessionary fares to the needs that you have for equipment?

Ms Mason: Within the reimbursement of concessionary fares, there is an offsetting of the revenue and also incremental costs of carrying more people. Clearly, the Northern Ireland Executive have incurred that, so there is a fleet and a size of infrastructure aligned to the scheme that is in place.

Mr McNarry: So, on the record, there is no need for you to do a paper transaction. There is no need for someone to be issued the ticket and for you to go through all the palaver of sending it back and saying that you have carried 10.2 million fares. There is no need for you to do that, because it is really of no benefit to you.

Ms Mason: Yes, obviously, with that amount, we need to make very thorough representation to DRD regarding the way that the scheme has operated and how many people we have carried. It has got to be completely auditable. You would not want a situation where I just put my finger in the air and say it is a number. Obviously, DRD needs to be very clear.

Mr McNarry: I am not going to dwell on it, but is it not just as simple to say, "I have a pass; let me on"?

Ms Mason: We need to recognise how many times people travel so that we can get the reimbursement. Can I just clarify the number of passengers? The 1.5 million extra customers that we carried last year is the number of extra fare-paying customers. The number of concessions did not grow, so that was actually all about fare-paying people getting on. It was not about concessions.

Mr McNarry: If the number of concessions did not grow, what is the £7 million being introduced?

Ms Mason: If you remember, last week we were talking about the fact that the Assembly had not fully funded the concessionary fare scheme, so between this year and next year there was a substantial drop in the funding of that scheme. The £7 million funds the concessionary fare scheme. The Assembly chose not to change the way the scheme was given in permissible travel, but did cut the number by £7 million. If we had not had that money, it would have been fare-paying passengers who would have had to have bailed out non-fare-paying passengers.

Mr Trethowan: I think that is an important point. There is a set amount for concessionary fares. Once we exceed that, people are carried for nothing on Translink. We do not get paid for them. That is because money is found in-year, as with most Departments, and we get some money.

Mr McNarry: What you say is that, in terms of the payment, the money is irrelevant.

Ms Mason: No, it is not irrelevant.

Mr McNarry: What you are saying is that it is a paper transaction so that you can claim it back, but you are saying that there is no profit in it.

Ms Mason: No; you either have a scheme whereby you take concessions on and you get concession reimbursement, or you do not have a scheme and we take the revenue. The outcome of both of those is the same. Either we take more people for free and get a partial reimbursement or we charge everybody the same fare, whether they are over 60 or under 60, and we get the same outcome. You cannot have a free scheme and then not pay anything for it, because that definitely would be worse, clearly. You can either run a free scheme whereby we get partial reimbursement so that we get an amount of money, or we carry fewer people but charge them the fare, the under-60s and the over-60s the same. It comes back down to the same number.

Mr McNarry: You actually do make a profit out of it.

Mr Trethowan: No, we do not make a profit out of concessionary fares. We break even. If you sold tiles, it would be like people coming into your shop and the Executive saying that they could have whatever tiles they want and as many as they want, and they would pay for that, but they will not give you your markup. You will get a break-even price, and, at a certain amount of tiles, they would stop paying you but you would still have to give them out after that.

The Chairperson: I must say that I am confused now, because a short time ago you said that you did not get enough money and did not get the full value of the concessionary fares. Now you have just told us seconds ago — and it will be on the record — that you get fully paid for them.

Ms Mason: No, I think that that is not what we said.

The Chairperson: Well, let us have a look at the record and see what it is.

Ms Mason: Could we have a —

The Chairperson: I am chairing the meeting, Ms Mason, not you.

Mrs D Kelly: I wonder whether you would like to clarify the last point. Can you make a clarification on that?

Mr Trethowan: On the concessionary fares and on what —

Mrs D Kelly: Yes. Also, during the inquiry, the Committee received a number of submissions, including some from your staff, about the lack of resources in respect of fare evasion and decreased revenue, so maybe you might want to touch on the strategy around that.

Mr Trethowan: I will deal with the concessions. Fare evasion is an operational issue, so the chief executive can deal with that.

To be clear in the answer on concessions, we received £27.1 million for bus and £10.2 million for rail. That is £37.3 million, for which we carried 11.8 million concessions — we were paid for 11.8 million concessions. At the time of the plan, a budget for concessions for a certain amount of passengers was set for the three years, after which we are expected to carry concessions for free. Like the Health Department and every other Department, DRD sees how things go through the year, and then there is in-year funding. It is not a bailout; it is being paid for what we did. That is what happened.

Mrs D Kelly: This might sound like a stupid question, but I know a number of people who got the Translink ID for a variety reasons, not necessarily to use buses or trains. How do you actually count the number of passenger journeys made on the concessionary fare?

Ms Mason: Well, that is exactly back to Mr McNarry's point regarding the fact that we take a ticket from them. That is exactly how we count, and that is exactly why we have to do what Mr McNarry talked about, because whether a person makes a journey needs to be completely audited. You are absolutely right that there will be a number of people who have been given their concessionary over-60 pass who do not travel at all, and we do not reclaim any revenue from them. We reclaim revenue only from the journeys made, and that is why we have to give out tickets.

Mrs D Kelly: I often wondered, because, in my constituency office, there is a sign about passes for people.

Ms Mason: Absolutely. That is why we do what we do on the bus or train — to ensure that we have an auditable process by which DRD can reconcile the money that it gives us.

With fare evasion, there is a balance between the proportion of people who evade a fare and the number who use any other particular stop or halt. It is something that we regularly review, so we will do close-down blitzes where we look at the levels of fare evasion to see whether the stop warrants a staffed or a non-staffed environment. In fact, we had an internal audit on that matter just recently. We continue to update exactly where we staff and do not staff, and that is aligned to the risk. This has to

be risk-based. If you are going to get only a tiny little bit of extra revenue, that does not necessarily warrant making it a staffed environment.

Mrs D Kelly: Chair, you and I have travelled together on trains. You get checked getting off the platform and getting back on to the platform. I just wondered —

The Chairperson: I am not sure that I want that to be made public. *[Laughter.]*

Mrs D Kelly: I am talking about Dublin.

Mr McNarry: That is even worse. *[Laughter.]* What were you going down there for?

Mrs D Kelly: Well, I am not prepared to say.

We are repeatedly told that the Executive have concentrated their money more on the road network and less on the public transport network. You talked about how you are planning to do up the Abbey Centre, for example. If you are making a profit on one side of the business — maybe I have not picked this up right — does any of that go into opening up the railway station in, for example, Templepatrick in order to get people out of the car and on to the train into the city?

Mr Trethowan: Because it is a holding company with a group of companies, we can spread the profits across each of the units in our group of companies. When the board is appraising projects, it will always look for a profit and a return on the capital. We will not sign off unless there is a proper return.

The Chairperson: I think that the question was: "Do you?" Maybe you can give us some examples. I do not expect you to do that today, but if the Committee Clerk writes to you, will you give us some examples in writing of where you have put money from your commercial businesses into railway stations or whatever? That was the point that Mrs Kelly was making.

Mr Trethowan: Chairman, it is not identifiable as money made in a project that is applied to another area. The money flows into a —

The Chairperson: This is the lack of transparency, John, that we are up against.

Mr Trethowan: Chairman, it is how a group of companies operates in the commercial world.

The Chairperson: It is not open and transparent. You are dependent on the public purse in a big way as well.

Mrs D Kelly: The Translink end of the business gets a big injection of public money. If you are making a profit from one area of the business, it would be useful to know how that has been spread across the companies.

Mr Trethowan: The railways make a loss on the basis of the funding that we receive to run a railway. If I were a private operator in the UK, I would receive much bigger funding to run a rail network, show a profit and pay a dividend to my shareholders. Here, however, we are given a public service obligation and payment to run the railways, which keeps the fares down, but we cross-subsidise from other units. We amalgamate the figures in the holding company at year end and come up with a composite figure.

The Chairperson: You heard the Consumer Council's concern about how you progressed against previous efficiency review recommendations. What were those recommendations and how did you go about implementing them? You may well not be able to answer that today, but the Committee will write to you about that and ask that you give us a written reply for the purposes of the inquiry.

Mr Trethowan: OK.

The Chairperson: Thank you very much.