



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Inquiry into Comprehensive Transport
Delivery Structures: Consumer Council
Briefing

1 May 2013

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 David McNarry

Witnesses:

Mr Scott Kennerley	Consumer Council
Mr Aodhan O'Donnell	Consumer Council

The Chairperson: I welcome Aodhan O'Donnell, director of policy for the Consumer Council, and Scott Kennerley, head of transport for the Consumer Council. Gentlemen, you are very welcome. Neither of you is a stranger to the Committee. Go ahead and make a 10-minute presentation and then leave yourselves open to questions please.

Mr Aodhan O'Donnell (Consumer Council): Thanks very much, Chair. I welcome the opportunity to present evidence from the Consumer Council. We have provided evidence at several inquiries, so we welcome the opportunity to provide a written submission and to follow that up with an oral submission to the Committee. I doubt that we will take the full 10 minutes. Hopefully, we will provide a recap and revision of some of the information that we have provided to date.

To recap on our evidence: we have a statutory role to represent the interests of passengers, and we seek to do that by working with the Department and with Translink on policy and operational issues while also seeking consumer and passenger views of their expectations and experiences of using public transport. Importantly, we seek to engage with non-passengers as well, because the aim is to encourage people to make more use of public transport. The evidence suggests that 80% of people have been using public transport for about two years or more, so in order to get new passengers and increase numbers, we need to explore what barriers are preventing people from making more use of transport provision.

Our briefing document followed the terms of reference set out by the Committee. I will summarise the areas that we touched on. First, we raised issues around the structures and transport policy; we then touched upon the areas where we sometimes feel frustration around the transparency and reporting of some of Translink's performance issues; and, lastly, we focused on passenger engagement and

passenger focus. That looks at expectations of service of key performance indicators, measuring what passengers want from the service, and reporting on it.

Before I open it up to discussion, it is important to flag up that we have tried to put forward a balanced view of the public transport issues that we come across in the Consumer Council. Some are challenging. On the other hand, however, progress has been made in some areas in the past year or two, and I point to our work with the Department on public transport reform policy and the projects on modal shift and passenger information. We have been engaged with Translink over some time in looking at complaints policy and how improvements can be made there and looking to revise the passenger charter so that the reporting of Translink's performance is made more meaningful for passengers.

That is a brief introduction to the points that we sought to add to the submission that was provided to members. We are happy to take questions on the detail of the submission.

The Chairperson: Aodhan, thanks for that. Scott, do you want to say anything?

Mr Scott Kennerley (Consumer Council): Not at this point, Chair; I will wait to see what questions are asked.

The Chairperson: I will start with some questions for you, Aodhan. You appear to have issues with Translink's transparency, as many of the rest of us do. What are those issues, and how will you attempt to resolve them? You are also critical of Translink's corporate planning process and are in discussions to review your role in the process. What options are you discussing in the review?

Mr O'Donnell: I will take the second question about the corporate planning process first if that is ok. There has been some progress on that over the past few years, and there has been earlier engagement on how financial plans are developed and how they are shaping up. From the Consumer Council's point of view, it is always difficult to determine at what stage we should be involved and what level of information we require. We turn to the Department to give us the assurance that is required that the financial plans and efficiencies have been worked through to give you your high-level indication of fare increases, be it 2%, 3% or 4%. Once assurance has been given and the decision taken, we always seek to try to influence some of the individual fares to try to lessen the impact on passengers. We have a frustration that, sometimes, when that high-level decision is made, there is very little opportunity to influence the nature of fares. With the fare increase that was announced recently, the average is 3% on buses and 5% on trains, but some tickets have gone up by more than 9%. I think that a third of Metro tickets sold are day tickets, which went up by about 5%. Our concern is that even though the average fare increase is 3%, there is much more impact on more passengers, and there is a difficulty and a frustration for us in trying to get the detail on what passenger numbers are affected by those larger increases and what percentage of passengers are affected by a 5% increase compared to the average. We asked for that level of detail, but we do not have it.

The Chairperson: You mentioned the recent increase in fares. Were you consulted before it or did you hear, as the Committee heard, the announcement being made?

Mr O'Donnell: There was engagement between the Consumer Council, the Department and Translink earlier when it was shaping up its financial plans to show what the fare increases were likely to be.

The Chairperson: The question is: did Translink consult you on the percentage increases? Did it tell you what they were?

Mr O'Donnell: Translink told us what they were likely to shape up to be; yes. It informed us of that.

The Chairperson: Did it give you the figures across the board? There was no mention of a 9% increase at the Committee last week.

Mr O'Donnell: It is quite a high-level brief across the three operating companies to decide what the percentage increase will be. Once the average fare increases are agreed, there is some further information on what fare increases are likely to be for the various ticket types. We try to exert influence to reduce some of the increases. We try to get the least impact for the most passengers; that is what our negotiation is about. I do not think that there is any really —

The Chairperson: Have you an idea what percentage of passengers have been affected by the 9% increase?

Mr O'Donnell: We have asked that question.

The Chairperson: Did you not get an answer from Translink?

Mr O'Donnell: No.

The Chairperson: Is that to do with Translink's transparency on issues?

Mr O'Donnell: The response that we got when we followed up the subsequent information was that it is difficult to provide figures that could be stood over.

Mr Kennerley: The main issue that we have had with the corporate planning process that we have been involved in in the past is that we have not had sufficient engagement. The Consumer Council felt that it had not had sufficient opportunity to raise its concerns, although I have to say that that was not the case this year. We have engaged with the Department and Translink on the high-level proposal for fare increases. Once it was decided that a high-level fare increase was likely, we were given information on how it would be broken down in the different ticket types and routes, for example.

It was at that stage that we went back to Translink directly to raise concerns about services such as the Maiden City Flyer and park-and-ride services. For example, how do above inflationary fare increases for park-and-ride services tally with government policy to achieve modal shifts, etc? As Aodhan said, one of the issues that we raised is that although this is being presented as a 3% increase for bus and 5% increase for rail, it was obvious from the information that we received that it was not a standard 3% across the board. We were trying to find out what level of fare increase the majority of passengers will pay, based on the types of tickets sold. Translink was unable to give us that information.

The Chairperson: It was not able to give you that information; is that what you said?

Mr Kennerley: Yes.

The Chairperson: Did Translink mention 9% at any point? It did not mention 9% to the public. I do not think that the public is aware that some fares have increased by 9%.

Mr Kennerley: In the press release that we issued that day, we made the point that fares are increasing and that some fares are increasing by more than 3% or 5%.

The Chairperson: At no time was Translink open, clear and transparent in what it said to the Committee or the public outside. It was not clear about that 9% increase. Do most passengers have to pay 9% more now?

Mr Kennerley: I do not think that it would be fair to say that most of them will pay 9% more. Nine per cent is an example at the high end of ticket types and routes, and some passengers may be impacted by that. In our public work and in our press release, we tried to make consumers and passengers aware that fares are going up and that their journey prices may increase by more than 3% or 5%, although they may increase by less than that. We told passengers, "If you are concerned, contact Translink to find out exactly what your new fare will be."

Mr O'Donnell: It is a fair question. There is a range of fare increases, but what percentage of passengers will experience those increases, based on the number of tickets sold?

The Chairperson: You cannot get an answer to that.

Mr Kennerley: No; we did not get an answer to that specific question.

The Chairperson: Let us move to openness and transparency, which was the first part of the question. You have issues regarding Translink's transparency. You have just given the Committee a pretty good example of Translink's openness and transparency on most issues.

Mr Kennerley: It is my responsibility and part of my day-to-day role to work with Translink on an operational basis. We work very closely and very effectively together in many areas. A great deal of positive work has been done, such as revisions of the passengers' charter and Translink's very active engagement with us on how it handles passenger complaints and engages with consumers. There are very positive elements to our work together.

In our response, we have tried to do an analysis of the information on reporting structures — the management statement, the financial management and the annual reports — and how that information is presented. There are challenges in how that performance information is put out into the public domain. It is important that an organisation such as ours, as well as the public, can understand fully what Translink is targeted to achieve, whether it has achieved it, and how that is demonstrated publicly. One of our recommendations is in respect of the opportunity to shape, change and improve the key performance indicators that the Department will look for in the contracting regime that is upon us.

Mr Lynch: Given the fare increases, do you feel that passengers are getting value for money from Translink?

Mr Kennerley: That is a difficult question. I refer you to my previous answer on reporting, on key performance indicators and how information is made available. I have already outlined the challenges in that regard.

My challenge as head of policy for transport is that Translink fares compare very favourably with those in other regions in the UK. However, when a customer gets on a bus or train, they do not think: "How much would this journey cost me in Liverpool or Scotland?" They compare the cost and various different factors with the cost of other forms of transport. It is a difficult one to quantify. However, Translink's fares are competitive compared with those in other UK regions.

In our submission, we highlight the fact that Department for Regional Development travel statistics report that passenger numbers and revenue levels have been increasing over the past 12 months. I was in the Public Gallery last week when the Committee heard evidence from Translink, and I heard Translink representatives confirm that passenger numbers and passenger revenues have increased. That is happening when operators in other regions are not experiencing such increases. Therefore you could argue that Translink is performing well, given the economic climate. However, does that add up to value for money for the consumer? That is hard to say when you consider the level of public investment.

Mr McNarry: You told the Chairman that you are aware of the pending announcement on fare increases. Were you aware that the issues in addressing the £17 million predicted loss are no longer issues, as we were informed last week? Those are no longer issues because of fare increases, efficiencies and a £5.8 million injection from Translink reserves. Were you aware that all that money was in the pot, so to speak? Was the availability of those reserves made known to you, in your role?

Mr Kennerley: It is fair to say that when we engaged in the corporate planning process this year, it was a new experience for us. We were engaged by the Department and Translink at a much earlier stage, and we were very grateful for that. We were also grateful for the level of information that was provided. It is not fair to say that it was presented to us in such a way as to say that we were £17 million in the red last year, and here is everything that we are doing to make sure that we break even this year. What was demonstrated to us were high-level figures on the performance for the financial year 2012-13, and the plans going forward. Based on the information that we were given, we made some operational assumptions, and the challenges that we put back to the Department were to seek clarity on some of those operational assumptions and some of the areas where we thought there needed to be greater clarity before a final decision on a fare increase could go ahead. Hopefully, that describes our involvement in the corporate planning process up to that point.

In relation to the point about a reserve, I was very happy with the level of financial information that we were provided with. It enabled us to inform our response to the Minister to say where we thought there needed to be greater clarity, but it was not presented to us in such a way as to say that there is a pot of money as a reserve and we will take £5.8 million out of it to make sure that the organisation breaks even.

Mr McNarry: We all welcome the news about passenger increases, but I am now a bit dubious about the reasons for those as things work themselves through. Can you assess, within the figures for passenger increases, how much of that is down to the increase in the uptake of concessionary fares?

Mr Kennerley: At this point, no.

Mr McNarry: Do you think that you might be able to assess that?

Mr Kennerley: Translink could provide you with the breakdown of the increase in passenger numbers, including the number of fare-paying passengers and the number who claim concessionary fares. I stand to be corrected, but my understanding from the evidence given to the Committee last week was that fare-paying passenger journeys had increased by approximately one million.

Mr McNarry: We, too, would like to see those figures. All we know is that the overall cost for concessionary fares is going up from £35 million to £42 million, which is a £7 million uplift. There seem to be a lot of free fares.

Finally, will the increases in price for paying passengers put people off using the transport services?

Mr Kennerley: You are into the realms of want versus need: how many people use public transport because they want to and how many use it because they have no alternative? Our research has consistently shown that there is a core contingent who will never want to use it, no matter what you do to improve the offering. However, most passengers whom we have researched and engaged with want to use public transport. When asked what stops them using public transport or what changes would make them want to use it, people always say that they would like cheaper fares, better availability of services and more frequent services.

Mr McNarry: It is quite an important mathematical equation for anybody, but having welcomed the increase in passengers, and taking out what may or may not be a sizeable element of free fares, do you think that, because of the introduction of increases, we could lose those passengers who have affected the increase?

Mr O'Donnell: It was reported that the strategy to hold fares had been a significant reason for pushing numbers up, and there is a worry that that could start to go the other way. Lots of assumptions are made in financial planning, and one assumption that was made around this fare increase was that passenger numbers would be maintained at the same level. We asked whether there is a trigger point; for example, if passenger numbers fall away by 500,000 or one million, is there a trigger point in Translink's mind that would nearly set the need for another fare increase or what will happen if things go the other way and numbers continue to increase? Those issues need to be considered as well.

Mr Dallat: I am not sure whether we should praise people here, but, listening to your evidence this morning, I get the impression that you are doing your job extremely well. How much of that is due to a better working relationship with Translink and how could it be improved further?

Mr O'Donnell: I echo what Scott said at the start: there have been quite a lot of positive developments on an operational basis, and that operational focus results in the things that customers feel and see when they use the service, such as complaints-handling and performance standards and targets. That is reflected in some of the work in the Department. Those things continue to develop and improve.

I will reflect on some of the earlier points. There can sometimes be a sense of frustration because of something not being completely clear, or because people are not confident or sure about some of the information and how it is presented. It is about how we can then reassure consumers and passengers, because we all have the same aim of trying to get more people onto the buses and trains. That is probably not at the forefront of a passenger's mind, but it is an issue that creates a bit more uncertainty or scepticism about the performance of the company.

Mr Dallat: It is probably the first time since the 1960s that there has been such a significant increase in the number of people opting for public transport, and I want to go on record as saying that I appreciate the work that you do, and I hope that the relationship with Translink can be built upon so that the difficulties or lack of information can be ironed out. When everybody is in harmony, the public will get a better service.

Mr McAleer: A number of efficiency reviews have been carried out in the past number of years. Have you had any sight of the performance and efficiency delivery unit (PEDU) review?

Mr Kennerley: Not at this stage. The PEDU review may have been completed, but my understanding is that the final report has not been made publicly available at this stage.

Mr McAleer: So, you have not had sight of it.

Mr Kennerley: Not at this stage.

Mrs D Kelly: I am sorry for my late arrival. You referred in your presentation to how Translink compares favourably with similar transport providers in GB. I am making the assumption that the majority of providers in GB are private rather than public. Have you done comparisons of management costs between the two?

Mr Kennerley: No, and I should clarify something. The Consumer Council has not conducted research comparing Northern Ireland public transport fares with those in other UK regions. However, other research reports are out there, and we have referenced a number of them in the evidence brief that we submitted to the Committee. Most recently, there is a reference to the Department's consultation on future investment for railways. That explains that, over short distances, Northern Ireland Railways fares compare favourably, and, as the distance increases, the value for money increases considerably. The outline business cases for the process of public transport reform said that bus journeys compared favourably. Information on the comparison of average journeys that is available through the Department for Transport shows that the level of fare increases has been below inflation since, I think, 2005. It is not our research.

Mrs D Kelly: Is it independent?

Mr Kennerley: As I say, there is a range of information. With regard to fare increases being below inflation, I have always had concerns about information that is presented to the public stating that fares have fallen in real terms, because people's incomes are not increasing at the same rate. The cost of living is increasing. So, when it is presented in the public domain that fares have fallen in real terms, I think it is cold comfort for consumers.

Mrs D Kelly: That is true.

The Chairperson: Can I just clarify something on that point? We know that, as it states in your submission, there were no fare increases in the first year of the previous mandate or the first year of this mandate. Of course, one thing that Translink said was that there have been no fare increases for x number of years. Given that the evidence is being formally recorded, I want to put this on the record. Your evidence states that, in the past 11 years, there have been 10 increases. That is now 11 increases if we include what was announced to the Committee last week. So, there have been 11 increases. In fact, in some years, there were two separate increases. In 2008, for instance, there were two increases. Fares were held in 2007 and 2011. Both those years were the first year of Assembly mandates. I was going to ask you this at the end: does that not indicate that, as is the perception among many of us, there is a cosy relationship between the Department and Translink? Would you like to comment on that?

Mr Kennerley: Not really, no, Chair. *[Laughter.]*

The Chairperson: Would you like to on behalf of consumers? There is a very apparent cosy relationship between Translink and the Department that emanated during direct rule and it appears still to be the case today.

Mr Kennerley: I do not think that it would be fair for the Consumer Council to say that, yes, there is a cosy relationship or that, no, there is not.

The Chairperson: That is fair enough. I have put it on record now. Certainly, that is my perception. I know that it is other people's perception.

Mrs D Kelly: If additional money is provided to Translink through bailouts, the public is paying by a different means. Has any research been carried out into the amount of public money that is used to substitute fare increases, and how does that compare with GB?

Mr Kennerley: Not by the Consumer Council. It is very difficult to make like-for-like comparisons with operators in different regions because we have a unique model in Northern Ireland. So, to date, the comparisons that are available will usually contain caveats.

Mr O'Donnell: Since 2009, as the evidence shows, there have been quite a few reports and reviews into Translink's efficiency. A lot of those also contain comparative analysis. A lot of the work also makes recommendations for improvements in practice and around efficiencies. So, there has been quite a lot of work done on that. I think it is then a case of looking at the outcome of all those reports and reviews into efficiencies, what recommendations have been put into practice and what progress has been made on them. Certainly, some of them had short- to medium- to longer-term areas for focus and action. It is a case of going back to check what progress has been made against those recommendations, and what impact has been achieved.

Mr Easton: What about the recent rise in Translink fares? Do you feel that Translink misled the public to a degree?

Mr Kennerley: That is a difficult one to answer. I have had experience of this. You put information out there, it is picked up by the media and delivered by them. The role of the Consumer Council is to inform consumers. So, our role was to put out a press release to say that fares are going up, when they are going up and the average rate of the increase. We also said that individual fares might be going up by more than that and that people should contact Translink to make sure that they know what their fare is likely to be.

Mr O'Donnell: When a decision is taken to increase fares, it is signed off by the Minister and work is then done on the different individual fares. It would have been beneficial for us to have had certain information, such as how many passengers were going to be impacted upon. In that way, we could have provided greater reassurance to consumers. Consumers asked us how the fare rise would impact on them, and more information on the impacts would have been useful, particularly for different the types of passenger.

Mr Easton: So, there definitely was a lack of information. That is what you are saying.

Mr O'Donnell: As we clearly said at the start, we asked for more details on areas of information but did not get it. Whether or not that was available, it made it more difficult for an organisation such as ours to provide reassurance or further information to passengers.

Mr Kennerley: I will make one point about the Chair's question as to whether the relationship between Translink and the Department is cosy. One thing I will say is that there is certainly no cosy relationship between Translink, the Department and the Consumer Council. I return to the point that my colleague made to John Dallat: we have some extensive sparring sessions. I have had some extensive sparring sessions with my counterparts in Translink and the Department. However, we all share the unifying objective of getting more people to use a public transport system that works for them and fits the Department's vision as outlined in the regional development strategy.

The Chairperson: I am very pleased to hear that you are holding them to account. That is what we are trying to do as well.

Mr Hussey: I am sorry; I nipped out there. I hope that this question was not asked in my absence.

Mr Dallat: It was.

Mr Hussey: But I will get the true answer.

The increased use of public transport is to be welcomed, but when we look at other areas, we find that there is a decrease in use. Do you find, or do you know, whether that decrease occurred in rural areas such as County Tyrone? Obviously, there is no rail network in Tyrone but there is an Ulsterbus service. Have you any idea where this increase occurs?

Mr Kennerley: Again, Translink is best placed to provide a breakdown. Whether it can do that, I do not know.

Mr Hussey: I accept that, but the Consumer Council represents everyone everywhere. Who are you speaking to about this? Is this Belfast-based, or are you speaking to people in the real world, like those in Tyrone?

Mr Kennerley: We conduct research across a range of areas. For example, for some of the most recent research that we did on passenger information and modal shifts, we engaged a research company to conduct an omnibus survey, which includes taking a random sample of the population from across Northern Ireland. We also conduct consumer panels in specific areas to gauge consumers' views and to see whether there is a difference of opinion over issues in inner-city areas as opposed to rural areas. A good example of the type of contrast that we get is through looking at customer service. The attitudes of bus drivers come up often. You will sometimes get a more negative response on that from consumers in focus groups in the Belfast area. However, we conducted a focus group in Omagh, and the references that the Ulsterbus drivers were getting from that area were glowing. We are the Consumer Council for Northern Ireland, and we conduct research across Northern Ireland.

Mr Hussey: My opinion is that it is increasing. I say that because the park-and-ride facility has been doubled in Omagh and is packed. It appears to me that there is a demand and clear use.

Mr Kennerley: I will go back to the point about a number of the research projects that we conducted. Where accessible forms of public transport exist that meet the travel needs of consumers, the majority of people tell us that they want to use them. When the Department and Translink work together to provide those services, as you say, on park-and-ride facilities, for example, in Omagh, people are availing themselves of those services.

Mr O'Donnell: We are more than happy to give an overview or provide a brief document on the types of consumers we have engaged with and where we have engaged with them. The last research was in Omagh, Dungannon and different places. That might be helpful to show the spread of engagement with different passengers and non-passengers, because there are issues of rural services and access to them. People sometimes do not have a service available where they live.

The Chairperson: I have one final question. In your opinion, does the Transport Northern Ireland model fall short of the independent transport agency that was proposed in 2009?

Mr Kennerley: My honest answer is that it is too early to say. We have had concerns. A model was proposed and a decision was taken that, instead of being a separate agency, it would be a roads and public transport organisation. That was the vision in the Department. It was a new model that was not consulted on. However, we have engaged with the Department and raised our concerns, and we have been given assurances that all the functions that were consulted on, which we were publicly told the agency would do, will still be taken forward under the model. Essentially, we have been told that the output that the consumer will see has not been diminished or changed. We are still working closely with the Department to keep an eye on what we thought was to be delivered compared with what we will see delivered.

The Chairperson: So, you are going to hold the feet of the Department to the fire on that issue.

Mr Kennerley: I do not know that I would go so far as to say that. Our working relationship with the Department is very positive on the process of public transport reform. We ask some challenging questions, but the Department has been very open and clear in its answers.

The Chairperson: Scott and Aodhan, thank you very much for your presentation. It has been very helpful.